◆ Why fans should own their teams
◆ What's wrong with journalism schools

# The Washington Monthly

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The Spirit of the Times

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NEW YORK, THURSDAY, MAY 1, 1986

VOL. XXV

## YESTERDAY'S WOODSTEINS FLOCK TO WALL STREET

AMERICA'S YOUTH LOSES INTEREST IN MAKING DIFFERENCE WITH LIVES

New York Times Reporter's Journey to Morgan Stanley Symbolizes Trend

By PHILIP WEISS

NEW YORK, April 30 — On a night in 1982, in a loud New York restaurant off Square, Steven Rattner, a London corres for The New York Times, and Roger an investment banker at Lehman Broth Loeb, met for dinner to discuss Rattner The two had become good friends a years earlier when Altman was an secretary of the treasury and Rattner ing for the Times. Now Rattner, at 30, had decided he wanted to leave

Rattner was one of the Times's al His rise in the organization had b 22, clerk to James Reston, at 23, co one of the most important storie 24, a full member of th

Steven Rattner

## Budget en Close o Balance

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by JOHN STEPH

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# LETTERS

## The Medallion riddle

In your March issue, Charles Peters ["Tilting at Windmills"] introduces the Medallion Ploy—the complaint by owners of an artificially scarce resource (in this case, a New York taxi-cab medallion) that they would be ruined if free entry were allowed, since the value of their medallion would drop from about $100,000 to zero. Peters presents this as a problem to be solved by "our great legal minds." Leave the lawyers out of it! Ask an economist, since that is what we study for a living.

The artificial restriction on the number of taxicabs raises the price of cab rides. This makes two groups of customers worse off—those who continue to use cabs at the inflated price, and those who would have ridden at the lower competitive price but choose not to at the higher price. The medallion owners reap the benefits of higher fares from the first (and paid for these anticipated benefits when they bought the medallion) but not from the second. The latter is called *dead-weight loss*—the bane of the micro-economist's existence. It is a loss to someone that does no one else any good. Were free entry allowed, consumers would gain both from lower fares on the rides they already take and from the benefit of rides they currently do not take. Medallion owners lose—but only from the lower fares on the rides already taken. The gains to consumers exceed the losses to medallion owners by the amount of the dead-weight loss. Because of the existence of this dead-weight loss, society could afford to *buy off the current medallion owners*—pay them the full market value of the medallions and then allow free entry—and still be better off! Another advantage of this approach is that it reduces the political opposition of the threatened parties, who are usually the ones lobbying to maintain the current inefficient system.

The great thing about a move from an inefficient to an efficient situation is that it is possible to make everyone better off—both the consumers *and* the folks profiting from the inefficiency. Pay them a little more than the market value of the medallion if you'd like. I admit that it is not a simple task to implement this solution. But the nature of the appropriate solution is clear—*society should buy the medallions and then throw them away*. We would then see more and more cabs and therefore lower fares. And despite the lower fares, new entrants would earn no less than they do now, because they no longer would not have to mortgage their lives away to buy the medallion currently required to join the industry.

JOSEPH F. QUINN
Chestnut Hill, Massachusetts

*Joseph Quinn teaches economics at Boston College.*

As a Wall Street lawyer, I felt honor-bound to point out the answer to your question of how the public can obtain justice with regard to the Medallion Ploy without doing injustice to the licensees. The solution, as described in a recent *New York Times* article, is quite simple and elegant: declare a stock split and give two medallions to each medallion owner [which he must either use or sell]. As I understand it, the award should go to Frederick A. O. Schwarz Jr., the city's corporation counsel (the city's top lawyer), for his part in thinking up the idea.

The real problem, however, is the stranglehold that the taxi industry has on the New York City Council. These interests succeeded in bottling up the proposal and even now continue to stymie Mayor Koch's subsequent proposals to increase the supply of medallions more modestly. An award should go to the journalist who publicizes the shameful way that the taxi interests control the city's legislative process.

WILLIAM G. DAUSTER
New York, New York

## Splashing ashore

Richard Gabriel's article on the Grenada invasion ["Scenes from an Invasion," February] was especially interesting to me because I served with the Army's First


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Ranger Battalion during the initial phase of the invasion. As a captain in the First Battalion's Alpha Company, I was the ranking officer aboard the lead aircraft in the parachute assault on Salinas Airfield.

Unfortunately, I recognize numerous inaccuracies in Gabriel's account of events. I realize that he was hampered by the veil of secrecy that necessarily surrounds special operations as well as the military's abundance of mendacity when faced with possible exposure of shortcomings. However, such inaccuracies do a great harm to the important work of correcting and improving the military capability of the nation. Until we can come to a consensus on just what is wrong with our capacity to fight, we cannot begin to correct it.

Mr. Gabriel wrote that five hours after the Rangers reported the airstrip was secured, they actually controlled only one end of it and did not press the attack. He also said that apparently the True Blue campus, which lies at the opposite end of the runway, was still in Cuban hands by late afternoon of the first day. When I first entered the True Blue campus between 10 a.m. and 11 a.m. on the first day, it was not only in American hands but an effective field hospital had been organized there by Ranger medical personnel. Three triage locations had been established to treat American, Grenadian, and Cuban wounded. Members of my company had secured the campus and briefed the students. At that time I personally arranged accommodations on the campus for 19 civilians who had appealed to American forces for protection. Mr. Gabriel accurately reported that when the first members of the 82nd arrived, there was a "heavy attack." He inaccurately surmised that this indicated the airfield had not been secured. What actually happened was that a mechanized attack, utilizing three Russian-made BTR-60 armored personnel carriers, was launched against Ranger positions beyond the airstrip and the campus. The attack was repulsed by fire from the Rangers and Air Force aircraft. All three BTRs were destroyed and several of the attackers killed at the cost of one Ranger officer wounded. Mr. Gabriel's reports of Rangers being shot in their parachutes and of helicopter pilots making a "favorite sport" of gunning down livestock is, according to my eyewitness's understanding, patently false and bordering on libel.

There can be no question that the young soldiers who went to battle in Grenada were as courageous and effective under fire as any group of their predecessors. They do, however, need to be led by officers who are as concerned with their soldiers' ability to fight battles as they are with their own career battles with the military hierarchy. These men and women also need to be equipped to deal with a growing sophistication on the part of potential enemies. Finally, they need to be protected from the idiocy of duplication of effort and the squabbles among the services.

TERRY DRISKILL
Cincinnati, Ohio

*Richard Gabriel replies:*

Terry Driskill is apparently a fine young officer who clearly perceives and understands the larger issues that affect the ability of our forces to perform well in battle. And that point is far more important than any disagreements we may have about the minutiae of what happened in Grenada. With regard to the "inaccuracies," let me say that it seems to me a matter of semantics as to whether the air field was "secured" or not when the enemy was still capable of mounting a surprise armored attack on the "secured" position. Second, as regards to soldiers being hit in their parachutes, I noted in the book from which the article was excerpted and edited (*Military Incompetence: Why the U.S. Military Doesn't Win*) that *one* soldier was wounded while still in his chute, and that report was from *Time* magazine, quoting the soldier who was wounded! As to shooting livestock, in my conversations with numerous Grenada civilians as well as the U.S. military personnel whose job it was to settle civilian damage claims both agree that a tremendous amount of livestock was in fact gunned down by helicopter pilots (shades of hunting water buffalo in Vietnam). More to the point, undisciplined fire killed and wounded far too many civilians. The Pentagon's own reports note that there were 45 Grenadian civilians killed and 358 wounded. This compares with 25 enemy soldiers killed and 59 wounded and to 19 Americans dead and 159 wounded. Somebody killed all those civilians, and eyewitnesses, some of them family members of the dead, say it was helicopter fire. In the end, as Terry Driskill notes, it is difficult to penetrate the veil of secrecy, but that does not explain why the Pentagon continues to classify the Grenada after-action reports. Driskill and I may quibble about fine details. That we agree about the larger issues is, in my view, far more important.

## Our women problems

Readers of *The Washington Monthly* are used to seeing in italics "The author replies" or "See Tilting at Windmills" at the end of letters that raise challenging points about articles. I looked in vain for a response to the letter of Rachel Downs in the March edition calling attention to the lack of women among your regular writers, editors, and advisors. In the past 20 years your magazine has been the nurturing ground for a large number of important writers. I can't think of three who grew up on the *Monthly* who were women. Can you? Not a single member of your advisory board is a woman—now or ever in my memory. How can you possibly explain this away?

JAMES S. DOYLE
Bethesda, Maryland

*Charles Peters replies:*

I can think of four—Peggy Anderson, Marjorie Boyd, Suzannah Lessard, and Polly Toynbee—but unfortunately, and to our great embarrassment, that is all. We are determined to do better and hope women won't hesitate to send us article proposals and job applications.



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## Fallows was no mesomorph

Here are some thoughts on body typing and behavior you might find useful if the subject comes up again ["Born to Rob? Why Criminals Do it," James Fallows, December, and "Letters," February]. To say that people with certain body builds are *inherently predisposed* to behave in certain ways is certainly wacky. There is no evidence or even intuitively sensible reason for thinking so. It is not wacky, however, to believe that we use what assets we have to get us through this vale of tears. Women who get their way through seductive or flirtatious behavior tend to be attractive. This is not because attractive females are born coquettes but because they learn early in life that seductive and flirtatious behavior works for them.

Studies that find that criminals and delinquent boys tend to be mesomorphs at frequencies greater than chance don't surprise me. Young people are relatively powerless. The social strata from which most criminals come are relatively powerless. If a poor kid can feel momentarily powerful by physically intimidating others, he will probably do it unless other mores inhibit him. If he can get what he wants by throwing his weight around, he is more likely to try—and succeed—than the "beanpole" or the "lardball."

There is general confusion about what mesomorphy is. It's not midway between ectomorphy and endomorphy. That, plus a dash of mesomorphy, is an "average build." Mesomorphy is fairly specific. A mesomorph has heavy bone and heavy musculature, especially the muscles of the forearms and calves. (The forearms are more diagnostic because the shape of calf muscles is subject to racial variation.) My guess is that a sharp physical anthropologist—maybe with just a set of calipers but almost certainly with an X-ray machine and a set of bone-growth tables—could have told James Fallows in junior high school that he was not a mesomorph.

LOU MARANO
Washington, D.C.

## The case for back-slapping

Steven Waldman correctly emphasizes the importance and visibility of the House speakership in determining the future fortunes of the Democratic party. Waldman (and just about every other political observer) claims that Tip O'Neill has performed admirably as the foremost representative of liberal opposition to the Reagan administration. O'Neill's success is considered all the more remarkable given his often-caricatured image as an old-style political hack. Why, then, does Waldman predict disaster for the party if Jim Wright is selected as the next speaker? Wright is in many ways a Southern variation on the O'Neill-type politician. Wright offers a drawl in place of a growl. If the boss style worked for O'Neill, who's to say it won't work again? Is it possible that, in fact, the speakership lends itself to congressional leaders better versed in back-slapping than in policy statements?

EVAN T. BARR
Washington, D.C.

*Steven Waldman replies:*

The problem is that Wright has many of O'Neill's bad qualities (like an unwavering allegiance to particular interest groups) and few of his good qualities (like steadfast protection of poverty programs and liberal ideals). Of course legislative leadership qualities are still important. But my point is that the speakership has changed. It is now much more of a public, party leadership position and consequently back-slapping is not sufficient.

## Counting days off

As one of those public employees you mentioned in your February "Tilting at Windmills" column, I'd like to put some perspective to your comments on the federal leave situation. You are correct that 160 hours of annual or "vacation" leave are earned, not counting weekends. However, you take this fact to some rather odd conclusions.

You view the weekend as a particular fringe benefit of public employees. I'm sure the average private sector worker will find that a shock. But how else do you turn 15 days of leave into 21 days, unless you count the intervening weekends as part of the benefit? You blur a distinction between calendar duration and the actual amount of vacation time.

You further state that the remaining five days become ten simply by juxtaposing them with holidays. Holidays, by definition, are non-work days. Do you seriously expect the readers to believe that Labor Day, Thanksgiving, the Fourth of July, and Christmas are unique federal fringe benefits?

Another point to be made is the difference between "vacation" time and the ad hoc or contractually designated "personal days" or "personal time" common to most business or industry. When an employee needs to leave an hour early for an appointment, or the sitter, or needs an extra half-hour at lunch to renew a driver's permit, it is common to simply excuse a private employee. In the federal system, even increments of 15 minutes for such purposes are deducted from the "vacation time" of the federal employee. Incidentally, the nine-to-five workday of the federal employee is actually 9:00 to 5:30, because lunch is on our own time. That amounts to 115 hours in a work year of 48 weeks, less federal holidays, that are a "fringe benefit" available to most private sector employees.

As for the holiday periods, many businesses routinely close, for example, the day after Thanksgiving or around the Christmas and New Years holidays. The federal government is closed the holiday only. It is true many employees like to use leave in these periods, but why should we feds be any less interested in being with our families during these times than private sector employees? The fact is that by rotation or seniority or whatever local arrangement, our offices are open to


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the public—lower staffed to be sure, but then my experience is that the public business also slacks off because the public, too, stays home to celebrate. The New York post office must have some unique management practices. In my agency we are required to arrange leave schedules for staff and management to provide adequate coverage for expected workloads during peak holiday leave periods. The notion of begging employees to work, if true, as you state, is unheard of here, and is rightly to be condemned.

There are surely enough nonproductive practices in both the public and private sectors to castigate, without resorting to caricatures of bureaucrats (who, incidentally, are a feature of any large organization, public or private). Your critiques are best when they deal in realism rather than straw men.

FRED FACHET
Warrenville, Illinois

## Communists in Nicaragua

As a reader who continues to admire and generally trust your journalistic style and content, I was one of those "liberal friends offended" by your offhand reference to the "communist" Sandinistas ("Tilting at Windmills," January). It was a less than careful perception of a complicated situation.

As a result of our recent visit to Nicaragua, where we traveled freely beyond Managua into the back country, met with missionaries of our United Methodist Church, interviewed whomever we pleased (being permitted to take cameras and tape recorders everywhere except into the American embassy), our perception is that, although the brief history of the revolutionary government is not altogether clean, it does have the explicit intention of establishing independence from either U.S. or U.S.S.R./Cuban domination.

If we were intelligent in our dealing with Nicaragua, instead of continuing to support the terrorist contras in our desire to make the Sandinistas say "Uncle," we would do as an increasing number of our European allies are doing: sending Peace-Corps type people to help Nicaragua build roads, health centers, and irrigation systems. If we were smart we would identify and support the Sandinistas as a government that represents a viable alternative to Cuban or Soviet communism to demonstrate that not all socialists and leftists are communists and that having Marxists in the government doesn't make it communist any more than having priests in the government makes it Catholic.

Your inaccurate generalization about Nicaragua lends weight to the administration's intention of selling Americans on supporting whatever military actions we want to inflict on Nicaraguans in the name of protecting our border. Support the contras today, send the Marines tomorrow, then who knows who all after that.

BOB HOLMES
Helena, Montana

*Mr. Holmes is pastor of St. Paul's United Methodist Church in Helena.*


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# CONTENTS

Volume Eighteen, Number Four May 1986

**Tilting at Windmills**
*by Charles Peters*
The shrink who played the market...the rising cost of luxury... boycotting J. C. Penney...and other odds and ends....
6

**Better Red than Steinbrenner**
*by Jonathan Rowe*
Why fans should own their teams.
13

**The Wrong Way to Court Ethnics**
*by Thomas Massey*
Watch out, here comes another group to pander to.
21

**Hello Sweetheart, Get Me Mergers and Acquisitions: The Rise of Steven Rattner**
*by Philip Weiss*
When idealism goes out of fashion.
28

**Should We Worry About the Deficit?**
*by John Palmer and Stephanie Gould*
One story says we're facing disaster, another says the coast is clear. Who's right?
43

THE $19,000 PRESS PASS

**A Former Journalism School Dean Asks, Is It Worth It?**
*by Carolyn Lewis*

**Covering the Winnetka Schools in August**
*by Gregg Easterbrook*

**"Pssst, Wanna Read Some Hot Narrative?"**
*by Art Levine*

**If You Must Have J-Schools...**
*by Steven Waldman*

**But I'd Really Rather You Didn't Go At All**
*by Charles Peters*

What's wrong with journalism school and what to do about it.
47

**Political Booknotes**
Reviews by **Gregg Easterbrook, Walter Shapiro, Thomas J. Peters,** and others.
55

**LETTERS** 1
**WHO'S WHO** 12
**MONTHLY JOURNALISM AWARD** 45
**POLITICAL PUZZLE** 42
**TIDBITS AND OUTRAGES** 27
**MEMO OF THE MONTH** 20



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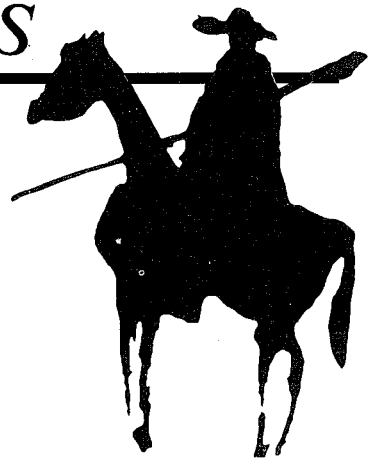
# TILTING AT WINDMILLS



Charlotte Fedders, the divorced spouse of the former SEC official and wife-beater, John Fedders, told her story to the *Washingtonian* magazine last month. Much of it was purely personal, but one part belongs in every political science textbook as a comment on what motivates public officials on the fast track:

"The power that came with a government job appealed to him, but John told Charlotte what was most attractive was Washington's revolving-door tradition whereby high-ranking federal officials move into high-paying private industry jobs. . . . He said he'd be able to springboard to at least a $300,000 salary with a Washington firm." . . .

Some addenda to the article called "What's Wrong with Psychology" that we published last year. First, it seems that one in six women studying psychology have been sexually intimate with their professors. "Close to half of those who had been in such relationships," reports *The New York Times*, "felt they had been coerced—either subtly or overtly." Second, and this represents what I'm sure will become a new trend in psychiatry, given a growing obsession with Wall Street (see Philip Weiss's article in this issue), the SEC has charged that a New Canaan, Connecticut, psychiatrist used information he gained in the course of therapy sessions with a company official and his wife to make a killing on the stock market. They told the doctor about an impending takeover of the husband's company. The doctor immediately phoned his broker and bought 9,000 shares. When the takeover took place, he made $26,933. . . .

One reason the good doctor may have been tempted to commit this misdeed is that it is becoming more expensive for psychiatrists and other rich people to maintain their accustomed lifestyle. According to a new luxury index compiled by the makers of Moet & Chandon champagne, the cost of the good life is rising at roughly two-and-a-half times the increase in the cost of living for the rest of us.

One reason for this deplorable development is that the rich individual must pay prices that are often determined by what corporate expense accounts will bear. For example, in the past 20 years the cost of first-class hotel rooms in New York City has risen roughly a thousand percent, way above the rate of inflation.

What happened is that the hotel owners gradually figured out that there was practically no limit on what executives would pay as long as they could charge it to their expense accounts. The proprietors of quality restaurants, as you have become painfully aware if you have gotten stuck with the check in one of them, have shared in this discovery and so have many other purveyors of luxury. While I can't honestly say that I shed tears over the plight of the rich individual caught in this cost spiral, I must confess that I regret the resulting unaffordability of that annual fling at the Plaza. Of course you can still have the fling if you go there on the weekend, when rates are 50 percent lower because the expense-account businessman has gone home. The 50 percent reduction thus indicates what the price would be absent the expense-account crowd. . . .

Another reason for the recent rise in hotel rates is that the luxury hotels are imitating the airlines' frequent-flier racket. As with the airline ticket, the hotel accommodations, paid for by



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the executive's company, earn him a credit for his personal use. At the Vista International in Washington, this is called the Frequent Stay Plan. You stay X number of nights in a luxury room, charge it to your company, which uses the charge as a tax deduction, and you get a round-trip ticket for two to Paris and a week at a luxury hotel there. It costs you nothing. It is financed by the taxpayers, who now foot the bill for the room at Vista International as well as for the frequent flier bonus flight....

"106 Employees Laid Off at Goddard Space Center" read a recent headline. Probably the most powerful reason for the lack of whistle-blowing I discussed last month is the fear of just such headlines. A civil servant knows it is almost impossible for him to be fired. The only way he is going to lose his job is if his agency's budget is cut. Bad publicity can cause such budget cuts. And, if he blows the whistle, bad publicity is likely....

Speaking of NASA, there is a factor in the shuttle disaster that I failed to mention last month. It is arrogance. NASA had experienced a long series of successes. I'm sure at the first four or five launches everyone was crossing his fingers and holding his breath for fear that the tiles would come off or that one of the other known flaws would cause a fatal accident. But each time they got by with taking the chance, fewer fingers were crossed and fewer breaths were held. People who expressed concern about one or more of the dubious features of the shuttle began to be dismissed as nervous nellies as time after time their fears turned out to appear to be groundless....

I still can't believe how little public outrage there was over Reagan's raids on Libya. We should have gone after the actual terrorists. Obviously most of the Libyans who died in the raids were not terrorists. We had no right to kill them.

The problem is that we can't find and punish the real terrorists because of the incompetence of the CIA's covert operations. There is a tradition of clownishness in this branch of the agency, going back through Howard Hunt and the exploding-cigar boys.

If you really want to get a fix on how the CIA goes about these operations, remember that when our embassy in Tehran was seized and the embassy in Beirut was bombed all the agents in Iran and Lebanon were inside. No one was outside the compound finding out what was going on in the country.

There is a case to be made for covert operations. There are some really nasty guys in this world and we need to protect ourselves from them without having to dispatch three aircraft carriers and shoot a lot of innocent people. The only time we did it right was when we caught the *Achille Lauro* terrorists without harming anyone else.

Perhaps the problem is that dealing with terrorism does not put one in a good career path in the military or even in the CIA, where the best jobs seem to go to the fellows who have managed to spend most of their careers behind a desk and lunching at Claridge's or the Ritz. The dirty work is left to contract employees who are either inept or, because they know they are not on the right career path, are more concerned with taking care of themselves than with eliminating terrorists.

But suppose we acquired the competence to identify and take out the people who actually commit acts of terrorism. Which of their bosses would you go after, meaning, which would you assassinate? Hitler would have been a good choice as would have Idi Amin and Pol Pot. What about a Joseph Stalin? Stalin deserved to die. But if we had killed him when he was at his worst—in 1940, just after the Moscow trials, the starvation of the Ukranians, and during the Nazi-Soviet pact and the Russian invasion of poor little Finland—who would have led Russia to victory over the Nazis? Georgi Malenkov? Similarly, getting rid of a Kadaffi or a Khomeini might leave us with leaders who are worse and might also create martyrs who would inspire future generations to seek revenge.

Of all the leaders the CIA is said to have been involved in plots against, only Trujillo, the infamous former dictator of the Dominican Republic, seemed a clear right choice. I would have voted against killing Allende, Lumumba, Castro, and Diem.

Finally, while I do concede that there are some mean people out there who clearly deserve to be punished, there are also a lot of people who do have legitimate grievances that have been too long ignored by the rest of the world. If terrorism is ever to stop, we need to understand their grievances. But they need to understand that Ghandi and Martin Luther King found a better way to protest injustice....


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The bad news from the auto industry is that GM, in the face of declining sales and practically no inflation, has announced a price increase. They hope to get away with it because of the quota on Japanese cars, which means it is time to get rid of the quota.

The good news is that Ford has stopped the practice of giving cash bonuses to its executives on the basis of short-term performance and instead is giving them stock to reward for *long-term* performance. The rest of American industry should follow Ford's lead....

From all I've heard, our ambassador to the Philippines, Stephen Bosworth, played an important role in encouraging the transition from Marcos to Aquino. Unfortunately, our ambassador to South Korea, Richard Walker, seems to be blowing a similar opportunity. He has not given nearly enough support to the democratic forces led by Kim Dae Jung and Kim Young Sam....

This year's session of the Virginia General Assembly was dominated by debate over the ethics of how to handle conflicts of interest. This is a traditional problem of state legislatures, the vast majority of whose members are not full-time legislators and earn most of their living in outside jobs. The way they earn that living—as, say, lawyers or teachers or insurance agents—often means that they will be voting on issues that affect their own personal interests. Should they be disqualified from voting in these cases? The Virginia attorney general seemed to think so. As a former state legislator, my feeling is that disqualification would often mean the loss of too many votes on key issues as, for example, when lawyers make up a third to a half of the membership. A better approach to sensible reform is to require each legislator to disclose his interest to his colleagues and to the public before voting.

There is one other reform that I think is desirable and that is to limit the number of interested parties who can serve on committees affecting their interest. As things stand now, three-fourths of the members of the Virginia House's banking committee are involved in the banking industry. Here disclosure is not enough. The press seldom covers committee meetings. And an interest revealed privately to colleagues who share it will only increase their confidence that you will vote wisely and well, where the point of disclosure in general is to warn all your fellow legislators and the public that in this case there is a possibility that you might be departing from your usual standard of objectivity and high-mindedness. Fortunately, committees are small enough so that even lawyers can be kept in the minority.

Similarly, I think it is essential that members of professional groups, like doctors and lawyers, not be permitted to dominate the boards that regulate their conduct. As with legislative committees, it is probably desirable to have the professions represented, but in neither case should they ever be permitted to be a majority....

Three pieces of good news. First, law school applications have declined nearly 20 percent over the past three years. Second, the YMCA, which is increasingly devoted to providing luxurious facilities for Yuppie recreation instead of a helping hand to needy youth, is finally being recognized for what it has become—another private exercise club for the affluent. Tax exemptions have been taken away from two Ys in Illinois and one in Oregon. And the House Ways and Means Committee is planning hearings this year on the way the other tax-exempt Ys compete unfairly with the private health clubs that have to pay taxes.

The third bit of good news is a Supreme Court decision that held that police officers are liable to pay damages for unreasonable searches and seizures even when they have a warrant. I have long argued that this and other penalties, including dismissal, for the officers involved are the ways to handle Fourth Amendment violations instead of the method the Warren Court had favored, which was to throw out convictions of clearly guilty criminals merely because the evidence against them was obtained illegally. What that did was punish society by turning loose a criminal instead of punishing the people who were guilty of the violation, the police. This is one area, at least, where the Burger court is on the right track....



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If you think we've got medical costs under control, consider that the average cost of one day's hospitalization for a patient in Santa Clara County, California, is now $1,085. I repeat, that's for one day—and it does not include doctor's fees. And don't think Santa Clara is some bizarre exception. The average cost in the rest of California is $961 per day.

The basic problem here is the same as that with hotels and restaurants. When a third party is paying—either the taxpayer in the case of the expense account charges at the restaurants and hotels or the health insurer in the case of the hospital—the user of the services does not have enough incentive to fight to hold costs down....

A candidate for Eagle Scout must perform a community service project that demonstrates leadership ability. Kenneth Pulley, age 16, organized a crew of other scouts to clean and paint eight of the aproximately 800 bus shelters in Portland, Oregon. He got to be an Eagle Scout as a result, but he was also hauled before a labor arbitration hearing when the Amalgamated Transit Union claimed that his project violated its contract with the bus company....

'Budget Cuts May Close at Least 7 Consulates' was the headline in *The Washington Post* one day last month. This was good news to me. Among them were such posts as Nice, France, and Seville, Spain, that have little purpose other than to provide foreign service officers with the kind of life they like to lead.

This still leaves us with 257 diplomatic missions abroad, most of which have only the most modest reasons for existing. I continue to think the way to handle the small amount of real work that needs doing by these missions—and, before my friends in the foreign service sit down to write indignant letters, I want to acknowledge that there *is* some real work— is to combine forces with friendly countries like Canada, Britain, Australia, and New Zealand so that one could do the work for the others in posts like Niamey and Trieste. Certainly there are some places where different national interests would make this unwise, and it may be that there are some places where everyone in the American mission is always busy doing important things, but there aren't many.

This consulate closing is part of the first round of Gramm-Rudman cuts, which on the whole have proved to be quite painless for the general public and indicative of the fact that budget-cutting that eliminates only the fat and not the muscle really is possible. But I should note that muscle will be endangered if the second round of Gramm-Rudman happens automatically instead of thoughtfully....

"The deterioration of collegiate science, mathematics, and engineering education," according to a report issued last month by the National Science Board, "is a grave long-term threat


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*—Robert Lekachman*

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*A Twentieth Century Fund Report*

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to the nation's scientific and technical capacity, its industrial and economic competitiveness, and the strength of its national defense." Among the report's other disturbing findings are that "courses and curricula are frequently out of date in content" and laboratory instruction is often "tedious and dull," with "obsolete and inadequate instruments." Fewer college students are choosing to study science and engineering. Even worse is that fewer are preparing to teach science and mathematics at the primary and secondary level.

This strikes me as a grave emergency requiring dramatic action, and you know who I think should finance that action? The corporations that will become losers if we don't have our share of skilled scientists and engineers....

Speaking of the good diplomatic life in places like Seville and Nice, that of the international civil servants in Geneva seems to take the cake. Their life was recently described by Andrew Borowiec of *The Washington Times*:

"GENEVA, Switzerland—At 11 a.m. every day, Mamadou Diallo hoists his first gin and tonic in the ground floor bar of Geneva's giant Palais des Nations. 'I could have finished my work earlier, but my secretary is slow,' he explains. He will, of course, remain in the rambling building for the rest of the day, to justify his salary of $60,000 a year, leaving perhaps for a two-hour lunch in town, unless he chooses the top floor restaurant overlooking Lake Geneva.

"He may shuffle a few papers, perhaps sign one or two, and meet colleagues for an hour's coffee break in midafternoon before driving home past manicured lawns to beat the rush hour.

"Mamadou Diallo—his name has been changed to protect the guilty—is one of 13,000 international civil servants here who are referred to by the Swiss as 'les internationaux,' the internationals, or, more sarcastically, as 'les acharnes du travail,' workaholics.

"According to the best available estimates, the average international civil servant in Geneva puts in two hours of solid work a day. Periodically, he will attend one of the hundreds of conferences that produce tons of paper in several languages but few results.

"He (or she) has six weeks' vacation a year, a post allowance depending on salary, tax-free liquor and Havana cigars, and gasoline coupons at one-third of the normal price." ...

Congress has been catching on to a point made repeatedly in these pages over the years—that the Pentagon has vast sums that it hasn't spent, so we should view with some suspicion its urgent demands for more money. A recent UPI story estimates that the unobligated balances total between $60 and $70 billion. Unobligated means they haven't gotten around to signing the contract, much less spending the money. But what many congressmen and many reporters still don't realize is that signing the contract doesn't mean the money is spent. Technically, it has been "obligated" by the signing of the contract, but often it will not be spent for years to come. The contracts could still be canceled. That would involve paying penalties, but the loss to the government would be much less than the contract price. Thus when the contract is for something that doesn't work or we don't need, it should be canceled....

Let's boycott J.C. Penney for a while to teach them a lesson. Why should we take such a step? Let me tell you what they did to Kyle Walters of Roderfield, West Virginia. A salesman for the J.C. Penney Insurance Company called Walters and persuaded him to drop his auto insurance with another company and sign up with Penney. Walter sent in his application and a check for $119.40. There was nothing wrong with the check, but Penney canceled him anyway, leaving him with no coverage. Why? Because his application had disclosed he was unemployed. Then they told Walters they would not give him a refund of his payment until the canceled policy would have expired.

What could Walters do about all this? Not much. Insurance companies have managed to avoid federal regulation, and state laws affecting them are usually less than stringent. "Under our insurance laws," Wanda Smith of the West Virginia insurance commission told



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the *Charleston Gazette*, "a company can cancel you for about any reason during the first 60 days." . . .

If you don't want to boycott J.C. Penney, I've got an alternative assignment for you. Write your congressman and Caspar Weinberger to protest the transfer of Colonel James Burton. He is the Air Force officer I wrote about last year who was responsible, while serving in the Pentagon's office of development testing, for discovering the dangerous defects in the Army's Bradley Fighting Vehicle. The army has been trying to get him transferred ever since because they don't want him around to oversee the second phase of Bradley tests. They have finally succeeded, and he is being exiled to some meaningless job in Dayton, Ohio.

If you read my article about the shuttle disaster last month, you know how crucial it is to encourage people in the government like Colonel Burton, who speak up when they see something is wrong. The services are repeating in this case the error they made in firing Ernest Fitzgerald. They are signaling to officers, enlisted men, and civilian employees alike that you better keep your mouths shut if you want to keep out of trouble. . . .

Speaking of the services, have you heard about the ammunition scandal? It seems that during the years 1982-1984 the Army ordered $755 million more ammunition than it could use. Did it decide to save the surplus for use in later years and thereby reduce the future budgets? Of course not. They urged the troops, according to UPI, "to fire as many of the bullets, explosives, and grenades as possible." At Fort Bragg, one battalion was so eager to comply that it managed to fire off nine times the amount of ammunition it had planned to use.

The reason for such insanity is that no government agency wants to admit it has overbudgeted this year for fear Congress might suspect that next year's budget is similarly inflated. . . .

Other bad news in education is the large number of public school teachers who are failing—45 percent of those tested recently in Virginia—evaluation of their teaching skills. The good news is the increasing number of states that are doing such classroom evaluation. That and testing of the teacher's knowledge of the subject he or she is teaching are two of the three keys to public school reform. On the third—substantially better pay for new teachers and for veteran teachers who are doing a good job—some progress is being made, but the education unions are still resisting. One county near Washington, D.C., recently raised its salary for new teachers by 21 percent. A similar proposal was rejected in Montgomery County, Maryland, however, because the union wanted all the older teachers to get the same raise as the new teachers. The logic here is so simple—attract good teachers by paying more and keep the good ones by paying them, not all the others, more. The bad teachers should be fired, but since they are nearly a majority, you can count on the unions to fight this to the death. One other factor in keeping good teachers is to give them a chance to be good, meaning that they must not be burdened with schedules that don't leave them enough time to prepare and that they must be given the opportunity to improve through further study and through interaction with other teachers they observe, and who observe them. . . .

The cigarette companies are gloating. A federal appeals court recently ruled that the health warning on cigarette packages and in ads is sufficient notice of the danger of smoking and that therefore the companies can't be sued by someone who smoked after the warnings appeared and thereafter became a victim of cancer. This is outrageous. The tobacco companies run full-page ads telling kids that smoking will make them sexy and then they get off the hook by printing a tiny warning!

And the warning leaves out a key fact—that nicotine is addictive. So even if he knows of the health danger, a kid can start smoking, thinking he can quit whenever he wants and before he has done serious damage to himself. But then he finds out that it's hard—for many people, close to impossible—to quit. Shouldn't the companies be responsible for not telling him that?. . .

—*Charles Peters*


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# WHO'S WHO in the Administration

The betting here now is that **Gary Hart** and **George Bush** will emerge as the nominees of their respective parties in 1988. If that turns out to be the case, our prediction is that Hart will win because Bush will be unable to overcome the wimp factor....

**Donald Regan** is said to have so disliked the departing **Fred Fielding** that he's cleaned out everyone associated with Fielding in the White House counsel's office. Meanwhile, **Robert McFarlane** is reported to be so upset by *his* treatment by Regan that he is seeking legal advice on whether he can sue Regan for having forced him out....

Speaking of wimps, Regan has an unusally high proportion of them on his immediate staff. A former White House official tells us he can understand why Regan wanted to hire yes-men, but he didn't have to get second-rate yes-men. Because Regan's staff feel loyal to him rather than to **Ronald Reagan** (let alone the public interest), the president is less likely to hear dissenting views than before. This is especially true now that Regan has established himself as a one-man replacement of the Meese-Deaver-Baker troika. In the old days, Reagan would occasionally pick up on the physical signals that one of these three (or a **Dick Darman** or **Craig Fuller** or Bud McFarlane who'd been asked to sit in) was in disagreement with the others—the rolled eyes or the sickly look on the face....

Don't bet on **Michael Deaver** remaining at the top of the heap of Washington influence peddlers. He's still got his White House pass but only because he made a tacit deal with Donald Regan. When Deaver was struggling to get his business established shortly after he left the White House, Regan was letting it be known that Deaver had no friends on the White House staff. Deaver answered by leaking negative stories about Regan. An uneasy truce resulted. Deaver's friends in the press are beginning to desert him, embarrassed by his I-dare-you-to-prosecute-me approach to federal laws governing the revolving door. This, along with a General Accounting Office investigation of Deaver, puts pressure on Regan to cut Deaver loose. Deaver's only remaining allies are the Reagans. But **Nancy Reagan**, while spiritually united with Deaver in a common passion for things like the right clothes and acceptance by the right people, is not known for standing by those who attract bad press for the administration. If she drops him, Deaver's career will be in mortal peril and he will face possible prosecution. If a GAO probe of Deaver's lobbying activities for Canada on acid rain digs up enough evidence, the matter will be before the U.S. attorney. Then things will be out of control....

**Clarence Pendleton**'s inflammatory, right-wing rhetoric and conflict-of-interest troubles have led another civil rights commissioner, **John Bunzel**, to call for his resignation. Surprisingly, however, Pendleton has been defended by a liberal commissioner, **Mary Frances Berry**. Why? Because, insiders suspect, Pendleton is too useful to Berry as a buffoon who discredits conservatives....

Nancy Reagan now seems to like Donald Regan. The reason, White House sources tell us, is that the former head of Merrill Lynch is giving her advice on the Reagan's financial future....

## In

EDUCATION
Assistant Secretary for Postsecondary Education—**C. Ronald Kimberling** has been assistant secretary for higher education programs.

ENERGY
Deputy Secretary—**William F. Martin** has been executive secretary of the National Security Council.

HEALTH AND HUMAN SERVICES
Undersecretary—**Donald M. Newman** has been principal deputy assistant to the secretary.
Commissioner, Social Security Administration—**Dorcas R. Hardy** has been assistant secretary for Human Development Services and chairman of the President's Task Force on Legal Equity for Women.

AGENCIES AND COMMISSIONS
Commissioner, Federal Communications Commission—**Patricia Diaz Dennis** has been a member of the National Labor Relations Board.
Deputy Director, Central Intelligence Agency—**Robert M. Gates** has been deputy director for intelligence and chairman of the National Intelligence Council.

## Out

ENERGY
Deputy Secretary—**Daniel J. Boggs** will become a judge of the 6th Circuit Court of Appeals in Kentucky.

JUSTICE
Deputy Attorney General—**D. Lowell Jensen** will become a federal district court judge in San Francisco.

STATE
Ambassador to Mexico—**John Gavin** has resigned.

AGENCIES AND COMMISSIONS
Commissioner, Consumer Products Safety Commission—**Stuart M. Statler** has resigned.
Vice Chairman, Federal Reserve Board—**Preston Martin** has resigned.
Acting Chairman, Farm Credit Administration—**Donald E. Wilkinson** has resigned.


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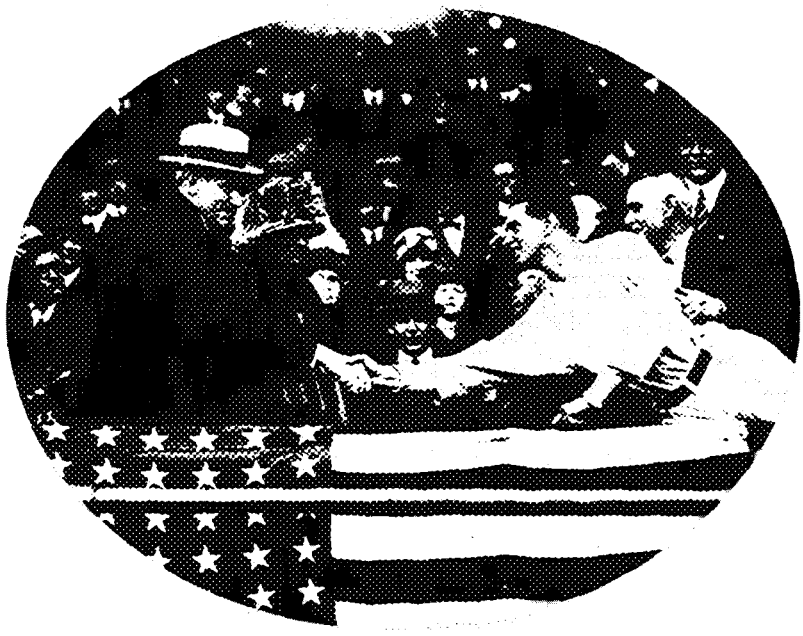

# BETTER RED THAN STEINBRENNER

## WHY FANS SHOULD OWN THEIR TEAMS

by Jonathan Rowe

When Robert Short ran for the U.S. Senate from Minnesota in 1978, baseball fans finally had a chance for revenge. Short had spurned the city of Washington just seven years earlier by moving the Washington Senators to Texas. The fans were so angry at the time that they stormed onto the field in the ninth inning of the final home game, uprooting bases and tearing up turf.

Short's Senate race raised the possibility that he might return to the city that, in the eyes of local fans, he had so callously deserted. A group of these fans, led by one "Baseball Bill" Holdforth, a Capitol Hill bartender of ample girth who was rarely seen without his baseball cap, formed a "Committee to Keep Bob Short Out of Washington." They held beer bashes to raise money for Short's opponents and took out ads in the Minneapolis newspapers presenting to the voters of that state their view of the man who was seeking their vote. "We're simply going to the people of Minnesota and asking them if they think Bob Short is in the tradition of Hubert Humphrey, Fritz Mondale and Gene McCarthy," Holdforth told a local newspaper. Short suffered a humiliating defeat, and while Baseball Bill's campaign was admittedly a minor factor, Washington fans could gloat nevertheless. Millions of abandoned sports fans, from Brooklyn to Baltimore to Oakland, would have relished a similar opportunity for vengeance.

But while Washington has had its revenge, it still doesn't have a team. By economic arrangements that will, in some far decade, seem barbarous and benighted, that repository of local identity and loyalty called a baseball team is

*Jonathan Rowe is a contributing editor of* The Washington Monthly.

*Photo: Library of Congress. Congratulating the 1924 World Series winners, the Washington Baseball Club.*



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deemed the exclusive property of a single individual called an "owner," who can move it to another city as though it were his body and fender shop. Washington has learned that twice. Only ten years before Short ditched the city, Clark Griffith had moved the original Washington Senators to Minneapolis. The Supreme Court, moreover, ruled many years ago that although baseball looks like a business, acts like a business and certainly uses tax subsidies like a business, it is not a business, and therefore is exempt from antitrust laws. The U.S. Congress has let that decision stand. Washington does not have baseball because a group of owners from other parts of the country have gotten together and decided, at least up until now, that it won't.

## Pat Buchanan, left tackle

Big league baseball would be good for Washington. Baseball, with its attendant summer leagues, would provide an outlet for young energies (sandlot baseball has just about disappeared, and the departure of the big leaguers is one reason why). It would be evening entertainment for the tourist hordes, most of whom cannot afford seats at the Kennedy Center even if they are so inclined. With its 162-game system, baseball does not belong to the season ticket holders the way professional football does. You can actually get a seat to the game. The ceremonial possibilities alone justify having a team; throwing out the first ball is the sort of thing our president does best, and isn't it a shame we make him go all the way to Baltimore to do it?

With all its ideological hit men and gang-tackling PACs, Washington today is not a very pleasant place. Not surprisingly, the leading professional sport in town is football, which is played only a mile or so east of the Capitol building. The most memorable moment of the last season at Robert F. Kennedy Stadium was when Lawrence Taylor, a 240-pound linebacker with the New York Giants, crashed into Joe Theismann, the Redskins quarterback, with such ferocity that he split Theismann's leg in two. The game represents much that is regrettable about the temper of Washington today. A recent column by Patrick Buchanan in *The Washington Post* accusing Democrats who don't support military aid to the contras of being "with Moscow, co-guarantors of the Brezhnev doctrine" could be seen as a verbal rendering of Lawrence Taylor's tackle.

The quality most lacking in Washington today is civility, and baseball, as has often been noted, is among our most civil of sports. The evening House Democrats and Republicans play their annual baseball game is one on which the more virulent partisan animosities are held in check; if they were playing tackle football, the mood might not be so benign. Baseball is not without its moments of violence: the baserunner breaking up the double play at second, the brush-back pitch, the enraged hitter charging the mound. But these stand out by their very brevity. The central act of the game, hitting a ball thrown at 90 mph or more from a distance of 60 feet 6 inches, is so difficult that a player who fails in only 70 out of 100 attempts is considered among the very best. Baseball is still a game of strategy and skill.

Baseball is also a calm, deliberate game. Its "problem" from a marketing standpoint—it's made for lazy summer afternoons rather than the frantic urgencies of television—is exactly why Washington needs it so much. Of our major team sports, it is the only one not governed by a clock, which makes it also blessedly unlike the lives of 99 percent of the people who spend their days within a three-mile radius of the White House. The dominant game clock in Washington—the cycle of elections—has speeded up to an inhuman pace, as the demands of fundraising require that presidential candidates and even sitting congressmen never stop. Nothing would do this city better than an occasional afternoon at the ballpark. Baseball, moreover, is a game in which each side and each player gets a fair turn at bat, making it a refreshing counterpoint to the access game lobbyists play on Capitol Hill.

If you live in Washington, then you know that I am hardly the first to propose bringing baseball back to the city. There have been stirrings ever since Short departed. More recently, the city council established a commission to conduct these efforts in earnest. Unfortunately, the city has once again embraced the form of ownership for a baseball franchise that enabled Bob Short and Clark Griffith to break thousands of fans' hearts. There is a better way.

## Yummy Yogurt on third

Deliberations on which city gets a team center not upon the character of the city but upon the things that weigh more heavily in the minds of baseball men. "I like the market," Peter Ueberroth, the commissioner of baseball, told *The Washington Post*. Billy Birgfeld of B&B Caterers, which runs the concessions at Robert F. Kennedy Stadium, was more specific. "I figure about 400,000 hot dogs," he said.

But (to mix a metaphor) hot dogs are small



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**Owners have not only disrupted teams and cities; they have also done damage to the game. If nothing else, Congress should legislate that any owner who wants to install AstroTurf must also place it on his front lawn and porch.**

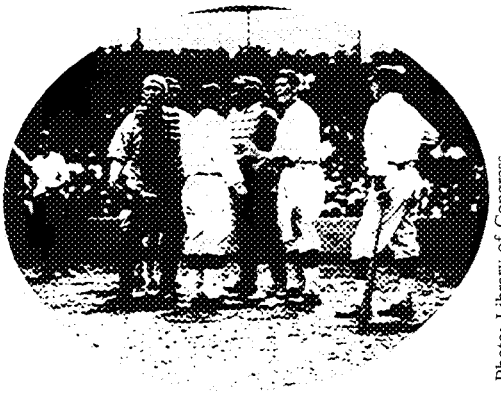

Photo: Library of Congress

potatoes in this deal. Looming much larger, in all probability, are tax shelters. In a city in which the major industry besides power is the building and financing of offices in which the powerful can reside—and emporiums where they can spend their money—it should not be surprising that real estate developers are the major players in the efforts to bring baseball to Washington. Led by people such as Oliver Carr and James Clark, it is a group that, in the words of Thomas Boswell, the *Post*'s baseball columnist, has "gone around the Beltway like modern Johnny Appleseeds, planting Lord & Taylors and Bloomingdale's."

Professional sports franchises are like shopping malls and Washington office buildings in one respect: they are, in large measure, physical embodiments of a tax accountant's mind. "Sports franchises are a tax shelter," a former accountant told a reporter for *Forbes* magazine back in the 1970s. "They generate nice tax losses. . .and you can pass through the losses to your main business, and when you sell, the profit is capital gains." This, the reporter ventured, might explain why some Washington, D.C. merchants were fighting at the time to buy the San Diego Padres from C. Arnholt Smith, whose financial empire was crumbling.

In his book, *The Hustler's Handbook*, Bill Veeck, the late Chicago White Sox owner who reportedly pioneered the use of these tax shelters, showed why his fellow owners often wished he would shut up. "It is, in fact, quite possible for a big league club to go on forever without ever paying any income tax," Veeck wrote. Congress restricted the loopholes somewhat in 1976, but "the number of franchises being sold and the purchase prices continue to escalate," observed James F. Ambrose, an Oregon tax attorney. From 1982 to 1984, Ambrose points out, no fewer than eight professional baseball teams changed hands.

Whenever I think of developers running Washington's baseball team, I see the ground level of RFK Stadium transformed into "prime commercial space," containing a Casual Corner, a Trover Shop, Les Gals, Yummy Yogurt, and Au Bon Pain. The present assumption is that the team would play at RFK, but how long would it be before we had a domed, air-conditioned, AstroTurfed (and taxpayer-financed) stadium somewhere in the exurbs, where the owners could plant more Bloomingdale's and office parks—and collect parking fees from every patron?

## Athletic theory of value

Aesthetics are not the primary issue; better to have baseball with a Casual Corner than no baseball at all. But the tax shelters illustrate an important fact. The calculus of loss and gain of individual owners is not the same as that of the community at large. This difference is of no great concern with regard to a restaurant or an exercise spa, but when a civic institution is at stake it matters a great deal. Do the people of Washington want to risk their home team going on the block—or moving yet again to another city—because a developer's tax accountant tells him he can get more depreciation if he sells the team and uses the money to build a home for David's Cookies or high-priced office space?

Taxes, of course, are not the only reason that individuals choose to own—and to sell—professional sports teams. Having taken the NFL Colts from Baltimore and transplanted them to Indianapolis, owner Robert Irsay may now have to sell that team to satisfy a divorce settlement. Domestic difficulties may evoke more sympathy than does a desire for more depreciation, but the final result is no more comforting to the fans.

But wait, you say, don't owners leave a city because fans don't support the team? The fans that want a team get one, and the fans that don't, don't. Isn't that the beauty of the free market? It's true that in some cases, local fans don't support the team. But often cities lose teams because



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the owner doesn't support the fans. A congressional inquiry found that from 1946 to 1950 and 1952 to 1956—the year Walter O'Malley took the Dodgers from Brooklyn to Los Angeles—that single franchise provided 44 percent of the National League pre-tax profits. More recently, Oakland was supporting the Raiders. Its owner just thought he could do better in Los Angeles.

Besides, who said baseball was a free market to begin with? If Bob Short had moved a restaurant to Texas, an eager entrepreneur could have moved into his abandoned space and opened the next morning. But because Short moved a baseball team, neither entrepreneurs nor fans have any say in the matter. Protected from the antitrust laws, Peter Ueberroth and the owners, not the free market, get to decide if and when Washington gets another team.

A Marxist who wanted to make a case for egocentric tendencies of American capitalism might well use professional sports as exhibit A. Even a team with the historic roots of the Boston Celtics has not been spared the indignities of a destructive owner. In the late seventies, one John Y. Brown—a name to which the locals provide a very distinct inflection—who made his millions in Kentucky Fried Chicken, bought the Celts, and in nine short months turned the once-proud franchise upside down. Brown almost drove Red Auerbach, the general manager whose popularity probably exceeded that of the state's entire congressional delegation, to the arch-rival New York Knicks. The story goes that a newspaper reporter sought comment in the Celtics' locker room on Brown's subsequent election as governor of Kentucky. "Is it possible for a state to finish last?" one player reportedly responded.

By most accounts, things haven't always been this bad. Earlier owners like Tom Yawkey of the Red Sox and Phil Wrigley of the Cubs had their faults; Yawkey, for example, was the last—and not by accident—to hire a black. But "though tough and hardminded, [the old time owners] still represented a positive family orientation," Dr. Thomas Tutko, a sports psychologist, told the *Los Angeles Times*. "They were concerned about the inner workings of the whole club." They also had some loyalty to the communities of which they were a part.

Not so the new breed, which has made its millions in franchising or real estate and to which a team is, in Tutko's word, a "toy." Whether it's Robert Short ditching Washington, or Robert Irsay pulling the Colts out of Baltimore, Al Davis taking his Raiders from Oakland to Los Angeles —which already had the Rams—or a Charlie Finley or a George Steinbrenner carrying on like a buffoon, the example is not encouraging to Washingtonians seeking safe and steady stewardship for their prospective team.

While disrupting individual teams and cities, these owners have done damage to the game itself. With checking accounts more impressive than their judgment, they bid up player salaries to their present absurd levels. "We spent money like a South American country," Alan H. ("Bud") Selig, who owns the Milwaukee Brewers, conceded to *The Wall Street Journal*. It is the owners, moreover, who have brought us the designated hitter rule, silly uniforms, and artificial turf. (If nothing else, Congress should legislate that any owner who wants to install Astro-Turf must also place it on his front lawn and porch.) The playoff season has become so protracted that, if the recent trend continues, baseball will soon qualify as a winter sport. Last fall, baseball fans sat helplessly while ABC switched from Monday night baseball to pre-season football in the middle of a pennant race.

This is not to say that some owners are not worthy of commendation. Walter O'Malley may have committed the unforgivable by moving the Dodgers to Los Angeles, but his son, Peter, is running the team there with aplomb, keeping ticket prices relatively low and his profile lower. ("We owners shouldn't be in the headlines," he told the *Los Angeles Times*.) It was hard to dislike Bill Veeck, unless you were another owner. The Wrigley family deserved the gratitude of the nation for refusing to install lights at Wrigley Field. While their refusal poses an inconvenience to television and some who work during the day, it preserves the special grace of afternoon baseball, and enables kids and retired people to enjoy the game.

There are surely many other owners of character, past and present, of whom I am unaware. Maybe the investors now bidding for a Washington franchise would be among them. But once they had it, there would be no telling who would come next. Since Washington is starting fresh, it has a rare opportunity to approach the matter the way a private investor would. It can seek to maximize its gain and minimize its risk. Given the checkered history of baseball ownership in Washington, careful deliberation is especially important.

## Peanuts, popcorn, proxies

This is not a brief for government ownership. The answer to George Steinbrenner is not Edward



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The Green Bay Packers is owned not by the government nor by a big-shot private owner, but by the community at large. If workers can buy out a company like Weirton Steel, why can't sports fans own their own team?

Koch. Fortunately, there exists already a way to avoid this Scylla and Charybdis. That is the model of the Green Bay Packers football team, which is owned not by the government nor by a big-shot private owner, but by the community at large. If farmers can own their own insurance companies, grain elevators, and gas stations; if tenants can own their own apartment buildings through coops; if workers can buy a company like Weirton Steel that a conglomerate wanted to dump and turn it into a profitable operation—why can't the sports fans and supporters in the Washington area own their own team?

In most big league towns, the local government already owns the stadium in which the major league teams play. Owners, in fact, have become adept at using their monopoly status to shake down localities for stadium improvements and other concessions. Back in 1971, when the Yankees threatened to move to New Jersey unless New York City rehabbed Yankee Stadium (a job that eventually cost more than $100 million), they were owned by CBS, and the city was slipping towards bankruptcy. The Yankees got such a favorable lease that in 1976, after George Steinbrenner had bought the team and had grossed almost $12 million in gate receipts and concessions, the city ended up owing *him* $10,000.

*Sports Illustrated* reported that as of 1978, the accumulated debt on sports stadiums would cost taxpayers $6 billion through the twenty-first century, and this is one form of public housing that Gramm-Rudman does not seem to have jeopardized. It would take an estimated $5.5 million dollars-worth of improvements to get RFK ready for baseball, and the city is talking about another $12 million after that. Guess who's going to pay? "We're sure we can do the $5.5 million job out of general obligation bonds, but we may have to float some special bonds for the other $12 million," city council member Frank Smith, a leader in the baseball effort, told *The Washington Post*. If the government can own the stadium, and the taxpayers finance it, then it is hardly a radical new proposal to suggest that the fans—individually, rather than through the government—might own the team.

A former chairman of the board of the Milwaukee Bucks basketball team has called the Green Bay Packers "the ideal form of ownership." Since 1922, the Packers have been a private, non-profit stock corporation, with 1,789 shareholders owning 4,626 shares. The owners cannot trade the stock, there are no dividends, and the only way the team can move is by dissolving, in which case the shareholders will get only the $25 per share they put in, and no more. Management is through a board of directors elected by the stockholders, just as in any corporation. The Green Bay fans know they aren't going to wake up tomorrow and find the Packers in Memphis.

Dave Dixon, the New Orleans art dealer who started the American Football League, is talking about a new springtime football league operating on a one-ticket, one-vote principle, in which each ticket purchase will give the fan one share of stock in the local team. "They'll get to vote on operational matters, and, as wild as it sounds, we might have stockholders meetings after games, right here in the stadium," Dixon told *The New York Times*.

A Washington baseball franchise could be structured as a true cooperative, with each fan having one share and one vote. Or it could be structured, in the Green Bay manner, more like a traditional corporation. Whatever the exact legal form, the key principles are:

a) Ownership must be broadly dispersed, and there must be a limit on the number of voting shares any one person can hold.

b) The shares must not be traded, except back to the team, which would pay face value only. There must be no speculative profits. Otherwise, instead of a George Steinbrenner we'll have a Carl



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Icahn or a T. Boone Pickens owning baseball teams.

c) Management must be delegated, so the franchise can operate on a day-to-day basis much like any other team. This avoids the potential problem of fans firing a manager after every unsuccessful squeeze play.

d) As in Green Bay, the charter of incorporation must positively prohibit the team from moving to another city.

## Fans of the world, unite!

Fan ownership would prevent the owner vagrancy that has plagued Washington baseball in the past. It would also help the sport to thrive here economically. Professional sports fans are not incorrigible atoms of economic force. They are capable of qualities such as loyalty and commitment, and these will increase with their degree of involvement with the team. "If you think the Notre Dame student body is partisan," Dixon said, "try a stadium where all 50,000 people are owners."

Fan ownership would itself be a market force creating a degree of loyalty which did not exist before. The enthusiasm might well lead to better team performance, a consideration especially important for an expansion club. In a city a little more than 1 percent the size of New York, the Packers have been the only team in professional football in the postwar era to win three championships in a row. And in bad times, there would be a deeper well of residual support from which to draw. If metropolitan Washingtonians became shareholders in the same proportion as in Green Bay, then over 67,000 people here would have a direct connection to the team, enough alone to provide a healthy turnout at RFK. Fan ownership would also preclude the destructive antics of a Charlie Finley or a George Steinbrenner, which have not been known to improve performance on the field. "Blatant, irresponsible interference can hurt a team," said Peter Bavasi, former president of the Toronto Blue Jays. An interventionist owner with a high-priced roster "gets not what he pays for, but what he deserves." Don Baylor, whom Steinbrenner recently traded to the Boston Red Sox, had this to say about his former boss: "It's tough enough facing a hard-throwing righthander without worrying about an owner saying you couldn't hit righthanders." At the other extreme, under this system we would be rid of the owner-millionaires whose main attentions were focused elsewhere. "I'll tell you," John Mecom Jr., former owner of the New Orleans Saints, once said, "this football team will not be allowed to interfere with the oil and gas business." New Orleans fans may have suspected a connection between such a statement and the travails of their team on the field.

Broad-based ownership could be especially important in Washington by helping to attract blacks to the ballpark. As in other cities, blacks were not conspicuously in attendance when Washington had a major league team. But the lack of black attendance at Senators games was not due to a lack of black interest in baseball. There is a long tradition of black baseball in the nation's capital. The Homestead Grays of the old "Negro League," team of the legendary Buck Leonard and Josh Gibson, played frequently at Griffith Stadium into the 1940s, and when Satchel Paige and the rest of the Kansas City Monarchs came to town, they would outdraw the Senators several times over. Not to overstate the point, isn't there just a chance that the enthusiasm generated by a fan-owned team might draw fans from throughout the Washington community?

Finally, fan ownership would let us prevent erosion of the game itself. Baseball is our *national* pastime, but its rules and character are entirely at the whim of a relative handful of millionaires whose qualifications, in many cases, consist primarily of making a lot of money in some totally unrelated field. I agree with Bill Lee, the former Red Sox pitcher known in Boston as "Spaceman." "They say I'm right out of Marx and Engels," Lee told the *New England Monthly*. "But I'm the archconservative of baseball: no designated hitter; real turf; close proximity of fans to players. They [the owners] are the radicals of change."

Baseball today is a classic case of an organized monopoly against the unorganized millions and another instance in which conventional economic logic breaks down. In theory, fans get to "vote" on rules changes by staying away from the game. But in practice, there's a big difference—to which economists seem completely oblivious—between what people would choose if they could and what they are willing to put up with. Fans may not like the interminable season or artificial turf. But how many are really going to turn off the World Series solely on that account?

Fan ownership would give us a direct say in the character of the game, which is ours every bit as much as it is George Steinbrenner's. And, by golly, we wouldn't get artificial turf unless we really wanted it. ■



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# MEMO OF THE MONTH

Central Intelligence Agency

Washington, D.C. 20505

Lyle Stuart
120 Enterprize Avenue
Secaucus, NJ 07094

10 JAN 1986

Dear Mr. Stuart:

This concerns your 27 April 78 Privacy Act request to the CIA for information on yourself. We wish to assure you that we still are processing your request and, because we have not corresponded with you since 17 October 1978, we would like to verify that the address we have on record for you is correct. We also would like to be certain that you remain interested in receiving the information you requested.

We await your response and appreciate your continued patience.

Sincerely,

Lee S. Strickland
Information and Privacy Coordinator



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Watch out, here comes another group to pander to

# THE WRONG WAY TO COURT ETHNICS

by Thomas Massey

This was a tense winter for Mayor Diane Feinstein of San Francisco and leaders of her city's Asian-American community. Since Feinstein took office in 1979, many Asian-American leaders have criticized her for not instituting a strong affirmative action program in hiring and city contracting. (San Francisco is pledged to set aside 10 percent of its contracts for minorities; roughly a quarter of the city is of Asian ancestry.) The conflict heated up on January 7, when Feinstein announced a "clean sweep" of the police department, naming a new police chief and replacing three of the civilian police commission's five members, including the panel's sole Asian-American, Thomas Hsieh. Although Hsieh was preparing to vacate the commission to run for city supervisor (with Feinstein's likely endorsement), his departure renewed animosities between Asian-American leaders and the mayor. What irked them, said one Asian-American Democratic leader, was her "failure to replace Hsieh with another Asian in such an important commission."

In a public letter, leaders of the Chinese-American Democratic Club, the San Francisco Taipei Sister City Committee, and other groups chastised Feinstein, charging that "Chinese-Americans and their needs do not rank very high on your priority list." At the same time, the staff members of Chinese for Affirmative Action (CAA) rushed to complete and publicize a report criticizing the mayor's poor record of appointing Asian-Americans to executive office. Henry Der, CAA's executive director, publicly berated the mayor. "She has slighted the Chinese community," he said.

Feinstein appointed ten Asians to important posts over the next four weeks. Deputy Mayor Hadley Roff met with CAA officials to discuss their complaints. After the meeting, Der seemed optimistic, saying he was "satisfied that the administration now understands our concerns." He added that both sides would meet regularly to discuss "specific steps to achieve the goal of Asian-American promotion."

The political muscle of Asian-Americans in San Francisco is great but hardly unique. Nationally, Asian-Americans are becoming a major political force. Although they are a small minority—only 4.1 million Asian-Americans versus 16.9 hispanics and 24 million blacks—they are the nation's fastest-growing ethnic group. Their concentration in key electoral states like New York, California, Illinois, and Texas gives them additional clout. What's more, Asian-Americans are on average better educated and wealthier than the population at large, making them a significant source of campaign contributions. As a result, Democratic and Republican politicians now find themselves bidding for Asian-American support.

The birth of what might be called an Asian-American lobby offers an opportunity to raise some important questions about special interest politics in general. When we appeal to groups rather than individuals, do ideals suffer? How can we recognize differences in need among subgroups and among individuals? The rise of Asian-American politics also provides an inter-

*Thomas Massey is a pseudonym for a federal civil rights official.*



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esting lesson in how an ethnic group's clout tends to grow in inverse proportion to the hardships it endures. Asian-Americans, like many other groups, had little power in history when they were suffering most from discrimination and poverty. Where were the politicians when the Japanese were being interned during World War II? Now that Asian-Americans are an ethnic success story, presidential candidates cater to them. Is there a better way to approach members of an interest group—one that ensures benefits will go to those who need them most?

## The bad earth

Until very recently, the Asian-American vote was practically an oxymoron. A variety of historical factors conspired to keep Asian-Americans out of politics—most notably a legacy of discrimination worse than that endured by any other group that came to this country voluntarily.

Drawn by the California Gold Rush in the late 1840s, the first Asian-Americans were Chinese who emigrated to send money home to their families in the small coastal province of Toshian. When they arrived, employment discrimination confined them to menial labor, primarily laying track for western railroads. It was a hard life that became worse when the Gold Rush went bust and violence, even lynchings, became commonplace. Since trade unions, like Samuel Gompers's AFL, denied them admission, the Chinese became scabs—an especially dangerous occupation for such a visible group. In 1885, for instance, dozens of Chinese workers employed as strikebreakers were murdered in a Wyoming coal mine.

What separates the discrimination faced by the Chinese from that endured by, say, the Irish, was not merely degree but kind. In addition to private discrimination, local, state, and federal government drew legal sanctions against Asians. In the 1880s, Seattle and Tacoma went so far as to expel their sizable Chinese populations. San Francisco banned the carrying of baskets across the shoulders, the traditional Chinese method, and even gong-playing. In 1854 private violence was given impunity when California passed a statute denying Chinese the right to testify in court. Perhaps the worst measure was the Chinese Exclusion Act —an 1882 federal law sharply limiting the number of new Asian arrivals and forbidding those already here from becoming enfranchised. With the ratio of male to female immigrants about seven to one, the curtailment of immigration led to a decline in the Asian-American population that did not end until the eve of the Depression.

Japanese immigrants faced equally discriminatory laws, such as the Alien Land Law Act of 1913, which denied immigrants the right to own land—a vicious blow to Japanese-Americans, who were primarily farmers. Most shameful was Franklin Roosevelt's 1942 executive order interning 116,000 Japanese-Americans on the West Coast. What was remarkable about this measure was the extent of its support, including even that of the American Civil Liberties Union.

The reaction of Asian-Americans to these hardships was much like that of Asian emigres elsewhere in the world. They secluded themselves in urban Chinatowns and Tokyo-towns. In these insular communities, where self-sustaining credit pools and culture prevailed, small business, not politics, became the predominant avenue of ascent. Asian-Americans were as politically organized and vigorous as "Danish-Americans."

## Keeping up with the Cohens

It's different today. One-third of Asian-Americans do not live in predominantly Asian enclaves. The countries of origin are no longer just China and Japan; Southeast Asia has become an important source. In 1960 the United States admitted only 59 immigrants from Vietnam, Cambodia, and Laos combined; since 1975, the influx from Vietnam alone has averaged more than 150,000 annually. South Korea and the Philippines are also significant contributors. All told, the Asian-American population mushroomed 146 percent between 1970 and 1980 and (according to the U.S. Census) will double again by the year 2000.

As a group, Asian-Americans are affluent. Although there are pockets of poverty, the median family income is above that of white Americans —$22,713 versus $20,800 according to the 1980 census, the most recent figures available. Entrepreneurial success accounts for much of the edge. In Los Angeles, for instance, you can buy a "Korean Yellow Pages" that lists 4,266 Korean-owned businesses. Asian-Americans' educational status ensures their continuing prosperity. Whereas 17 percent of white Americans age 25 or older are college graduates, 33 percent of Asians have a college degree. Because many Asian-American students are gravitating toward high-paying scientific fields, their futures look especially bright. This year all five winners of the Westinghouse Talent Search were Asian-American. Nearly a fourth of the student body at Massachusetts Institute of Technology is Asian-American.

Like most educated and well-off Americans,



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**An ethnic group's clout tends to grow in inverse proportion to the hardship it endures. When the Chinese were laying railroads or the Japanese were placed in internment camps, politicians ignored their plight. Now that Asian-Americans earn more than the average American, presidential candidates court them.**

successful Asian-Americans have come to care about politics. "The older generations of Asians were not active politically," says March Fong Eu, California's secretary of state. "They opened groceries and laundries. The new citizens are very anxious to be part of the American way of life. They are more educated—doctors, bankers, lawyers."

The appearance of a brand-new constituency has caught the attention of both parties. "Right now they only constitute a small percentage of the electorate but in time they could become very, very important," says Terry McCauliff, director of fundraising for the Democratic Congressional Campaign Committee. Neither party reveals fundraising by race, but several DNC officials say that Asians rank second only to Jews as the party's largest donors. "In 1976 there was one Asian at the Democratic National Committee who worked the [Asian-American] community. In a few weeks, he had a million dollars," recalls Rep. Robert T. Matsui, a Democrat from California. Candidates are starting to work San Francisco's Chinatown the way they work Miami's Jewish donor circuit. Fred Fujiota, president of the Japanese-American Democratic Club of San Francisco, finds himself an unlikely power broker. "I get approached by everybody from all over the country," he told the *San Francisco Chronicle*. "[T]hey want an introduction to the club. They send appeals for money."

For their part, Republican officials are hopeful that newer, more anticommunist immigrant groups will push Asian-Americans to the right. At the 1984 convention, the Republican National Committee feted Asian-Americans, arranging for them to be photographed beside top party leaders. "We're an open party, the natural choice for Vietnamese citizens," Bob Walker, RNC executive director in San Jose, told *The Wall Street Journal* last year. Other RNC leaders like Frank Stella, chairman of the National Republican Heritage Groups Council, an umbrella group for the party's ethnics, are equally optimistic. "Asian-Americans could become as important to the Republican party as Jews have been to the Democratic party," he speculates.

## Caucus clout

Of course, there's nothing improper about Democrats attending Chinatown fundraisers or Republicans registering Vietnamese immigrants as soon as they finish taking their oaths of U.S. citizenship. The problems start when candidates stop wooing voters who are Asian-American and start courting the Asian-American vote. The difference is important. Individuals can be approached as many things—steelworker, veteran, retiree, or just citizen. The multiplicity of our institutional and personal loyalties keeps our political views from hardening into the sort of rigid agendas promoted by groups like the United Steel Workers of America and the American Legion. People can appreciate complexity and the need to make sacrifices on behalf of others; lobbies aren't nearly as flexible. For example, a homeowner might support repeal of the mortgage interest deduction if he or she felt it would lead to a fairer tax code. The National Association of Homebuilders never would.

How does this distort our politics? Consider how Walter Mondale, Gary Hart, and Jesse Jackson courted the Asian-American vote during the 1984 Democratic primary. Because California, where more than one-third of Asian-Americans live, was the last and largest primary in a close race, all three candidates worked its Asian-American groups with particular zeal. Two months before the California primary, Mondale,



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Hart, and Jackson all had endorsed the platform of the Democratic Party Asian-Pacific Caucus. While much of the platform was devoted to laudable calls to "enforce vigorously our present laws to protect the civil rights of Asian-Americans" and to fight "stop and search procedures which are discriminatory and without probable cause," other sections seemed more questionable—for example, a commitment "to increase substantially the procurement from Asian-Pacific-American owned firms."

It's reasonable to ask whether affirmative action benefits ought to accrue to, say, Japanese-Americans, whose median income is $27,388—second only to American Jews—who, by the third generation, are 88 percent college-educated compared to 16 percent for all Americans, and who are overwhelmingly native-born. But it seems unlikely that the candidates' staffs, let alone the candidates, ever spent much time weighing the justice of these policies. Instead, they probably endorsed the platform in the name of expediency.

Had these candidates examined the Asian-Pacific Caucus agenda, they might have raised some important questions. In pledging to "guarantee recognition to Asian-Pacific-Americans along with blacks, hispanics, and native Americans in all minority small business concerns," why couldn't they draw distinctions among Asian groups? While the Japanese and Chinese earn more than the national median income, Cambodians earn less. Filipinos usually speak English; Fijians rarely do. Because Laos's largely illiterate Hmong tribesmen are not organized into associations with Washington offices, newsletters, and fundraisers, none of the three candidates ever devoted an address to their unique predicament. How can a broad category like "Asian-American" or even "Asian-Pacific-American" accommodate such distinctions? Last year Rep. Sala Burton, a California Democrat who represents a 22 percent Asian-American district (the third most Asian in America), introduced an amendment to the Higher Education Act that put Asian-Americans in the minority designation. A more sensible approach has been advocated by Senator Spark Matsunaga, who has sponsored bills aimed at the specific needs of poor Asians from Samoa, Guam, the Marianas and other outer islands.

It's surprising that none of the candidates noted the sociological differences between problems of Asian-Americans and those faced by blacks. For example, while 47 percent of all black families are single parent homes, only 12 percent of all Asian families are. This stable family structure has allowed Asians to rise out of poverty often by the second generation, while black poverty lingers from generation to generation.

The stable family is partially responsible for the success of Asian-American small business. Koreans own 75 percent of Washington, D.C. independent groceries; East Indian-Americans control 90 percent of New York City's newsstands. This is possible largely because they can recruit workers from inside the family instead of hiring outside labor. Illsoo Kim, a sociologist at Drew University, has found that "over 75 percent of Korean businesses in New York City had no hired employees."

The failure to distinguish minorities in food lines from those who can afford to eat out every night is echoed in federal policies that treat wealthy Cubans, impoverished Puerto Ricans, affluent Chinese, refugee Haitians, and poor Mississippi blacks as if their histories and circumstances were identical. The implementing regulations of Executive Order 11246 (the cornerstone of affirmative action in employment, covering 58,000 employers and 73 million employees); the Small Business Administration's 8A loan program; the Minority Business Development programs of the Department of Commerce; the licensing provisions of the FCC—all treat "minorities" the same.

What Democrats in particular have often failed to understand is that when appeals to groups degenerate into special interest pandering they can backfire. One suspects that, in 1984, Mondale's appeals failed with many an Asian-American voter—not to mention other voters—simply because they seemed patronizing. In a special "Asian-American" position paper, Mondale committed himself to appointing Asian-Americans to the U.S. Commission on Civil Rights, the Equal Employment Opportunity Commission, and the White House Public Liaison office. During his acceptance speech, Mondale honored the request of Rep. Norman Minetta and other Asian leaders to specifically hail the achievements of Asians. (During a "Today" show interview after the convention, Minetta criticized Governor Mario Cuomo of New York for failing to mention Asians in his keynote address.)

Mondale's solicitude fit into the overall pattern of the campaign, which William Schneider of the American Enterprise Institute describes as one long genuflection that ended up offending voters of all stripes: "Hart promised a united Ireland to the Irish. Both he and Mondale fought to see who could move the Israeli embassy to Jerusalem



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**Categories like "Asian-American," "elderly," and even "black" don't necessarily distinguish those who need to be dealt in from those who already have been; they are a shorthand that substitutes for, and often obscures, a more subtle understanding of human need.**

the quickest. By the end, everyone was disgusted." To be sure, Republicans have played the same game. At the 1984 convention, for example, RNC officials encouraged senior delegates to give up their seats so that lesser-ranked Asian-American delegates could sit in on top meetings. And though Republicans like to criticize Democrats for their caucus mentality, when a Republican party spokesman was recently asked what distinguished the Republican message to Asians from that of the Democrats, she replied, "We have an Asian caucus, they don't."

But the most popular Republican of all, Ronald Reagan, has shrewdly avoided playing this game. In contrast to Mondale's, Reagan's campaign eschewed ethnic appeals in favor of a more broad-based approach. An ad that appeared in several papers, including *The Pacific Citizen*, the newspaper of the Japanese-American Citizen League, showed a cowboy-shirted Reagan with the Statue of Liberty looming large in the background. The text spoke to all Americans: "Opportunity, hard work, and faith in God and family are the building blocks of the future and the basis of President Reagan's new beginning for America." Reagan ended up with 67 percent of the Asian-American vote. Similarly, the Republican right has enjoyed tremendous popularity among new Vietnamese immigrants, not with a specially tailored pitch, but with a consistent brand of virulent anticommunism. Democrats needn't adapt such extreme foreign policy views to recognize the value of appeals based on something broader than ethnicity.

## Rehabilitate 'fairness'

This is not to suggest that ethnic awareness is without value. Among people who share a certain heritage or set of experiences, it's only natural that a special feeling of community will develop. And certainly our sense of justice can't help but be informed by both individual and group experiences. Federal policy toward Indians is understood by those who live on the reservation a good deal better than by those who live in Manhattan; Gulf Coast fishermen are bound to care more about setting proper boundaries for territorial waters than are grain storage operators in Kansas. Legitimate grievances against our government inevitably are recognized only after the affected parties have spoken up. Barring a sudden and unexpected epidemic of empathy and altruism, that's the way it will always be. But it's important to keep in mind that every citizen's ultimate interest is in preserving a society that deals fairly with everyone—not just fellow members of an ethnic or special interest group.

Polls conducted by the Democratic party show that "fairness" has become a dirty word to the American public. The likely reason is that it has come to be understood as a code word for brokering among groups rather than a legitimate means of serving social justice.

Categories like "Asian-American," "elderly," and even "black" don't necesssarily distinguish those who need to be dealt in from those who already have been; they are a shorthand that substitutes for, and sometimes obscures, a more subtle understanding of human need. Those with the most need, of course, almost never have meaningful clout on their own. The poor and underprivileged, it is often noted, do not contribute to political action committees. When Asian-Americans were powerless, few of us worried about their plight. Now that they are engineers and businessmen, polticians are eager to help. Our goal should be to find out who are today's equivalents of the Chinese who laid the railroads and how we can help them. ■



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# TIDBITS AND OUTRAGES

*NO WONDER SHE'S NEVER AT HOME*

◆

*IMPEACH HERB*

Richard Nixon surprised employees and customers at a Burger King in Stafford Township, New Jersey when he stopped in for lunch. He signed autographs, posed for pictures and left behind a note reading, "Best wishes to Burger King, home of the Whopper. Love, Richard Nixon."

◆

*HE BROUGHT A COUNTERSUIT, CHARGING THAT HER MEATLOAF CAUSED SEVERE PAIN AND SUFFERING*

After slipping on her driveway and breaking her pelvis, Shirley Brown sued her husband for $35,000 for not having shoveled or sanded the driveway. Had she won, the couple's homeowners insurance company would have paid the damages.

*I DON'T GET IT*

A recent book of photographs of the American ambassador's residence in Paris included a picture of waiters carrying out roast turkeys, above the caption: "Discussion on the Versailles Summit with President Reagan in the First Floor Dining Room." The picture of Reagan and several aides meeting on the summit was captioned, "Arrival of the turkeys for Thanksgiving Dinner for one hundred French guests."

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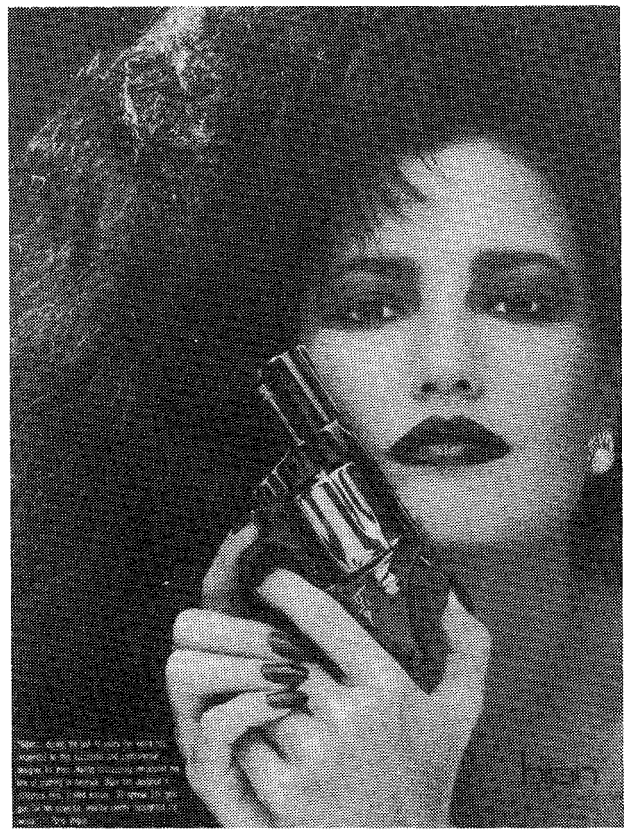
*COFFINS BY DIOR*



*The copy in the left hand corner reads:* "Bijan. . .during the last 15 years the world has responded to this successful and controversial designer for men. Having successfully introduced his line of clothing in America, Bijan has designed a collectors item, limited edition, .38 special 24k gold gun for his powerful, wealthy clients throughout the world."

—*Paris Vogue*



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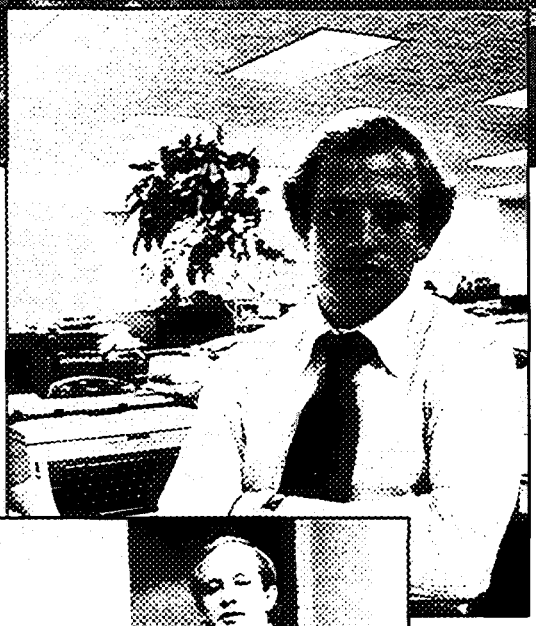

*The New York Times* Photo: Jean Gwaltney

*Morgan Stanley* Photo: Joe Mattingly

# HELLO S
# MERGER

On a night in August 1982, in a loud New York restaurant off Union Square, Steven Rattner, a London correspondent for *The New York Times*, and Roger Altman, an investment banker at Lehman Brothers Kuhn Loeb, met for dinner to discuss Rattner's future. The two had become good friends a couple of years earlier when Altman was an assistant secretary of the treasury and Rattner was covering Jimmy Carter's economic policy for the *Times*. Now Rattner, at the age of 30, had decided he wanted to leave journalism.

Rattner was one of the *Times*'s ablest writers. His rise in the organization had been rapid: at 22, clerk to James Reston, at 23, covering energy, one of the most important stories in the country, at 24, a full member of the Washington bureau, at 29, a foreign correspondent in a prestige bureau. But by the summer of 1982, Rattner felt he needed a change. Coming home on vacation, he had considered several options. He'd stopped in on G. William Miller, the former secretary of the treasury, whom Rattner had covered two years before. Miller now ran a merchant banking firm in Washington. He thought Rattner was a "brilliant guy" and was eager to take him on. There were other ideas: venture capital, for example, and management consulting, though Rattner worried that consulting was like being a business reporter for the *Times* "without 950,000 daily readers."

Most attractive was investment banking. The field had lured a stream of former Carter officials: Altman and Peter Solomon from Treasury, Josh Gotbaum and Ralph L. Schlosstein from Stuart Eizenstat's domestic policy office, David Aaron from the National Security Coun-

*Philip Weiss is a New York writer.*

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# WEETHEART, GET ME S AND ACQUISITIONS

## THE RISE OF STEVEN RATTNER

by Philip Weiss

cil. Most of them were at Lehman Brothers, which, in contrast to the more hidebound, blue-blooded banks, frequently hired people on the basis of experience (and connections) in government. Peter G. Peterson, the man at the top, had been Richard Nixon's commerce secretary.

Over dinner, Altman lobbied his young friend on behalf of Lehman. It was a good time to become an investment banker. Banking was changing, and Rattner had the personality for its competitive new environment of short-term relationships. His persuasive skills would be useful for selling clients on deals, Altman told him. Working a client wasn't so different from working a source. Rattner also knew how to handle himself in the presence of important people like Paul Volcker. Finally, Rattner's skill in reporting on complex economic matters would help him on Wall Street. "He could understand the interplay of legal, tax, regulatory, and finance questions, very complex stuff," Altman says now, "to look at things like a three-dimensional chess game."

Altman was certainly right about its being a good time for banking. The new spirit of competition brought about by deregulation combined with the rise of a new materialist ethic, especially in Manhattan, had made investment banking glamorous in much the same way that journalism had been in the years after Watergate. Investment bankers and arbitragers like Bruce Wasserstein and Ivan Boesky were being profiled in mainstream publications like *Esquire* and *The Atlantic*. Expanded newspaper financial sections reported on the human drama behind merger battles. Radio stations quoted the gold price between rock songs.

But was this the right world for Rattner? As a student at Brown, Rattner had written idealistic editorials proclaiming that the country's moral fiber was "weak" and denouncing "global. . .corruption and disdain." It would seem only natural for such a person to wonder aloud whether Lehman Brothers offered avenues for socially useful work. It's possible to imagine circumstances in which it might: raising capital for new companies that would create jobs, for example, or helping workers to buy a factory, as Rattner's friend Josh Gotbaum had done for Weirton Steel while working at Lazard Freres. Indeed, such possibilities might conceivably have promised greater idealistic fulfillment than reporting for the *Times*. But Altman does not recall that Rattner raised the question of whether investment banking was meaningful work except, he said, "in this sense. He wanted to know whether he'd be fulfilled by banking. Was it overly narrow?" Rattner asked Altman whether investment bankers ever lifted their noses from their spread sheets. He was a young man who had lived abroad and traveled widely. He had a feeling for good art. Altman assured Rattner that he would meet people who shared his intellectual curiosity and cultivation.

Rattner took the job at Lehman. Barely a year and a half later he moved to the *New York Times* of investment banking, Morgan Stanley & Company, where in 1985 he brought in a stunning $33 million in fees. After just 18 months at Morgan Stanley, he was promoted, at age 33, to "principal," a partner who cannot vote on firm policy. The jump usually takes six years.

When he left the *Times*, Rattner was earning about $50,000 a year; last year he is said to have made as much as a million. At Morgan Stanley Rattner specializes in deals involving communications companies. Most of his time is devoted to mergers and acquisitions—helping to buy and sell media properties. In some cases, these efforts



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may have served to compromise the editorial quality of news organizations that, like *The New York Times*, have been known for valuing the product more than the bottom line.

In any age, there are certain people who, because they are both very smart and unusually reactive to their society, help illuminate prevailing values through their actions. One thinks of Gerald and Sara Murphy, who presided over a salon of expatriate writers in the south of France during the 1920s, or, on a more frivolous level, Jerry Rubin, who went from yippie to a Studio 54 "networker" in the 1960s and 1970s. Rattner's life hasn't been as glamorous as the Murphys' or as opportunistic as Rubin's, but it seems similarly emblematic of the spirit of the times. Rattner is extremely talented. "I hate to sound like a sap, but he has a brilliant mind," says *Times* reporter James Brooke. But Rattner's career path, impressive as it is, has a conformist quality that calls to mind the Woody Allen character Zelig, the "chameleon man" who always took on the coloration of those around him. When journalism defined the spirit and values of a generation, Rattner was a journalist. Now that investment banking defines those things, he is an investment banker. This chameleon quality makes Rattner an instructive case study of the process by which many of today's best and brightest have lost interest in making a difference with their lives. In trying to understand Rattner's life choices, we might help ourselves understand what has gone wrong with our culture.

## The nobrainer

"It's tough to be a first child brought up in a place like Great Neck [Long Island] and not be a little hard-driving," Rattner told me when we met one Saturday afternoon at a delicatessen near Central Park. Especially, one imagines, in a family of achievers like the Rattners. One associate of Rattner suggested that half of Rattner's motivation in life was the desire to please his mother, a forceful woman well known for her preservationist activities on behalf of Grace Church in Greenwich Village. When I called Selma Rattner she wanted to be sure that I didn't overlook the achievements of Steve's siblings—a doctor daughter and an architect son.

Beginning with an artist grandmother who dabbled in the stock market, Rattner's family has tended to mix business with culture. His father, a paint manufacturer on Long Island, also writes serious plays, while his mother has acquired a graduate degree in architecture. In high school Steve was interested in photography, and it was to take pictures that he joined his high school paper. He ended up second in command. "Clearly committed...to educational and political reform," he wrote of the paper in his 1970 yearbook.

At Brown University, he soon got on the *Brown Daily Herald.* He was a liberal Democrat on a left-liberal paper with countercultural tendencies. Other students wrote about protest marches and Bob Dylan concerts. Rattner wrote about school finances in a sharp, detailed way.

His best college journalism was muckraking. Once he even went through the trash outside a school office. But his stance was never subversive; he was trying to make Brown a better school. He criticized planning that had resulted in a dorm squeeze, mismanagement in the bookstore, and the waste of $1.5 million on unused building plans. He hammered the school for not devoting more resources to undergraduate education, a policy which threatened to turn Brown into a "semiversity." He was outspoken about the low numbers of minority students in a science program. In 1973 he took over as editor. The photo of his editorial board showed him in a western shirt with his hair down to his shoulders, affecting almost a Dennis Hopper cool.

A major theme of Rattner's writing for the *Herald* was responsible activism. Again and again he rapped Brown president Donald F. Hornig for his isolation, and for a time he ran a box every issue indicating how many days it had been since Hornig had last met with students. He tried to whip up student outrage: administrators made big changes "by fiat," students had abandoned "politics" and "social action" for "apathy." His final piece was virtually a demand that Hornig resign (he left two years later). He also called for impeachment proceedings against Richard Nixon and spoke of "the murderously protracted and illegal bombings of Indochina and...the mockery of the last presidential election."

Rattner had worked hard, and at year's end the paper seemed punchy. Large photos of nude women showed up out of nowhere on the features pages, and in a parting photo, Rattner and three other staff members were pictured naked themselves, judiciously holding *Herald*s before them (see page 28). His hair was still shoulder length. His look was now looser, more confident.

The accompanying copy was the most forceful statement Rattner gave of his aims: "[Don't let] those folks in University Hall and the office building and in all the departmental offices get away with things that they shouldn't get away



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with. And that's one of the main things that we tried to prevent this past year. . . for God's sake let the *Herald* know when your blood boils."

An economics major (he'd happened on an econ class and seen a "wonderful new world unfold," he later wrote), Rattner was planning to use a fellowship he'd won to attend the London School of Economics in the fall of 1974 and go on from there to law school. Everyone knew he was going to law school. In the meantime he needed a summer job. He applied first to *The Vineyard Gazette*, traveling to Martha's Vineyard to meet its owner, James Reston, the legendary columnist of *The New York Times*, and his wife, Sally. Reston did not have a job for him, so Rattner took a summer job with *Forbes* magazine in New York. Then one day in June he got a call from the columnist. Did Rattner want to come to Washington as Reston's clerk?

"Well, that was a nobrainer," Rattner said, sitting in the delicatessen.

I looked back blankly.

"It's an expression we use in investment banking. An obvious decision."

The columnist had started his clerkship program in 1961, inspired by Felix Frankfurter. The first hire was Jonathan Yardley, today book critic at *The Washington Post*. Others included *Times* reporters David K. Shipler and Linda Greenhouse; assistant managing editor Craig Whitney; and *Post* publisher Donald E. Graham. "It's everything from being a jazzed up secretary to writing stories for the *Times*," says a former clerk. The clerk's life includes setting up Reston's speaking tours and hotel reservations, watching football games and drinking beer with the boss in stockinged feet on weekends, researching the column and being the first to read it. (If a column is supposed to be funny and the clerk doesn't laugh, Reston will can it.) The young man—20 of 22 clerks have been men, most of them Ivy League—occupies one of the few private offices in the Washington bureau, where he often sits inking up the Reston signature stamp and carefully applying it to letters.

Rattner was helpful in other ways. Harrison Salisbury has said that the *Vineyard Gazette* presented Reston with "piddling but endless problems," and Rattner, who'd started a successful weekly supplement to the Brown *Herald* called "Fresh Fruit," made a dozen trips to the Vineyard to oversee the conversion to offset printing of Reston's briny appendage.

What gives the job its electric quality, what makes those jump-to-ing clerks jump-to a bit more quickly, is the awareness that at year's end Reston will talk to New York and give a recommendation to hire or not.

Today Rattner is thankful to Reston for saving him from law school. Reston declined to talk, saying, through his clerk of course, that Rattner's career choices were "a private matter." But by several accounts, the bond between them was very close. Through the late sixties, Reston had urged reporters to be more cerebral. He feared journalism was becoming too event-oriented to deal with an increasingly complex world. He wanted journalists to be specialists, interpreters. Rattner was sophisticated about financial matters, an area of reporting in which Reston felt particularly inadequate; he has jokingly admitted in *The New Republic* that he's an economic "idiot."

One day Reston asked what Rattner had heard from New York. Nothing, Rattner said. Five minutes later the clerk got a call from the metro editor saying that New York was looking forward to his arrival in September.

## Dining at Mel's

In New York Rattner joined a group of young reporters who were thrilled with the idea of working at the *Times*. One *Times* veteran can still picture Rattner, then 23, and Paul Goldberger, then 25 (and now the *Times*'s architecture critic) chasing one another through the newsroom. The two were close friends. In the view of one observer, Rattner tended to model himself on Goldberger, to the point of shopping for clothes at Paul Stuart, going to galleries with him, and even purchasing an art poster similar to one in Goldberger's place.

After a brief stint on the metro desk, Rattner ended up with the energy beat. With three trips to the Mideast, his rapid rise had begun. "I don't know how people get to be so smart, so savvy," John Lee, then the business editor, recalls. "He walked in the door and knew what to do." In April 1977 he was assigned to cover Jimmy Carter's energy initiative, which meant the Washington bureau, "something no one of my age [24] or experience had any right to," Rattner says. Later he had the economics beat.

It was Rattner's heyday, a Democrat covering Democrats who shared his liberal views and, to some degree, his background. Rattner was much younger than most reporters, but the same age as a tier of bright members of the Carter administration. Among his friends were Josh Gotbaum and Kitty Schirmer, both in Stu Eizenstat's office, Richard Cavanaugh at OMB, and Walter Shapiro, who was press secretary at the Depart-


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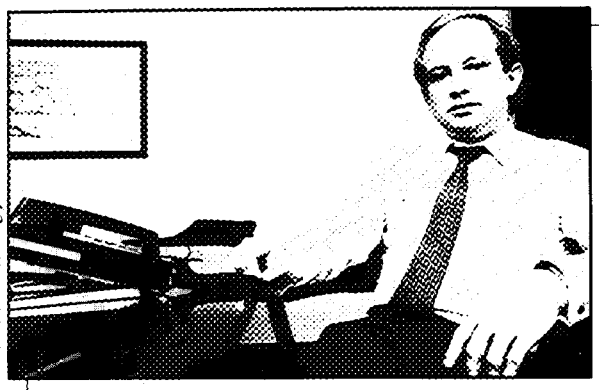

Photo: Joe Mattingly

Rattner says he often felt his fellow reporters were motivated by the desire to "hobnob with the great and near great." It's a point to consider. But in recognizing that no *profession* is inherently moral, he also seems to have given up on the idea that *individuals* can strive to be useful to society.

ment of Labor and later a Carter speechwriter. Rattner rented a summer place on Martha's Vineyard with Ralph L. Schlosstein, from Eizenstat's office, who also visited the Blue Goose, the place Rattner shared on Maryland's eastern shore with, among others, Arthur O. Sulzberger Jr., the son of the *Times* publisher. "I went to a party at his house," one friend recalls. "I had the impression that these are the people who are running the government."

Once, in writing about Carter's inflation-fighter, Robert Strauss, Rattner had observed approvingly, "Mr. Strauss has always been careful, as he collects friends, not to collect them indiscriminately." The same might be said of Rattner. In addition to his friendships with peers in the administration, Rattner developed warm relationships with older men of importance. "He talked about Punch [the nickname for Arthur Ochs Sulzberger, publisher of the *Times*]," recalls Joe Laitin, spokesman for the Treasury Department in the Carter years. "I asked him if he was from the Sulzberger family, and he said, 'No, but you're not the first person to ask me that.'" Philip Shenon, a Brown alum whom Rattner helped get the Reston clerkship, recalls Rattner taking him to lunch at Mel Krupin's. "I remember being terribly impressed. He was on a first-name basis with the maitre d'. Frank Reynolds was behind us, David Brinkley on the other side."

Rattner worried about his closeness to officials. In a piece he wrote for the *Brown Alumni Monthly* in 1980 he spoke of how some reporters avoided all friendships with Carter administration officials while others became romantically involved with their subjects. "For my part I have tried to walk something of a middle line, although frequently wondering whether my friendship with people working in government on issues similar to those I report on compromises me. I have particularly avoided friendships with officials with a leadership role on issues I cover."

Above all, Rattner wanted his journalism to have influence on events. Although the tone was calmer and the focus narrower than that of his *Brown Daily Herald* editorials, a strong sense of purpose remained. "The thing I loved about reporting was the actual impact on events," Rattner recalls. "Helping inform intelligent opinion, affect administrators' judgments of things." When he thought he had influenced policy, "it made me feel it's all worthwhile."

## Courting the respectables

A common criticism of journalists like Rattner who want to influence policymakers is that they slant the news according to their personal agendas. In fact, the more common problem is that they adopt the beliefs of those they write about. To have influence, after all, you need access, and the prerequisite to access is usually respectability.

Rattner was excellent at explaining the intricate workings of policymaking to the layman. A piece on Carter's election-year effort to expand the economy showed how Paul Volcker, chairman of the Federal Reserve Board, had used back channels to temper the proposals. Rattner also revealed how Carter had quietly compromised on his insistence that new gas not be deregulated. One especially savvy story showed how the White House had politicked with the Energy Department to have final control over regulations on which companies could burn coal.

Rattner was less effective at stepping back and subjecting these policies to the sort of original analysis that might shake up the boys at the Brookings Institution. The problem wasn't that Rattner didn't have opinions. "I always had views on things," he recalls. "I never saw a policy change that I didn't have an opinion on." It was just that his views tended to hew to a familiar line. Carter "zigzagged" on policy, and "grievously" underestimated the dangers of inflation; later, Reagan's "dramatic" supply-side rhetoric struck Rattner like "doubtful economics." These



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criticisms were sound enough but hardly eye-opening.

Another problem with Rattner's writing was that it tended to be deferential. In May 1980 Rattner wrote a cover story for *The New York Times Magazine* about G. William Miller, then secretary of the treasury. The piece began with an image of Miller striding into a press conference on inflation and taking charge. "Does he always take over like that?" a newcomer to Treasury press conferences whispers. In another passage, "Bill Miller" is described as "businesslike as his dark suit, white shirt, and striped tie. Poise and self-confidence are key components of that executive image, as is a strong measure of personal control." Harsh judgments by "liberal and conservative economists" on the Carter economic record were mentioned, but not prominently.

In the spirit of bipartisanship, Rattner gave the same treatment to George Shultz in a profile that appeared in 1980, when Shultz was still chairman at Bechtel: "The lack of force in Mr. Shultz's manner belies an abundance of force in Mr. Shultz's ideas."

Rattner's conventional approach toward policy and his respectful coverage of the powerful were in keeping with the values of his newspaper. The *Times* is in many respects a great institution; no other newspaper in America provides as thorough and reliable coverage of events around the world, and none, save perhaps *The Wall Street Journal*, is as free of circulation-enhancing frivolity. At the same time, probably none is as solicitous toward the establishment. The *Times* has always sought to provide news of interest to the "respected men of finance and state," in the words of former *Times*man David Halberstam. These included men like Robert Moses, the planner, who virtually ran New York in the postwar period. Moses was a *Times* "hero," in the estimation of Moses's biographer, Robert Caro; he counted on the paper's support and even its reluctance to follow up reports of scandal as he destroyed poor neighborhoods to build up the city. Lately, as the paper has taken a neoconservative tilt, the list of favorites has included Henry Kissinger and Jerzy Kosinski. The connecting thread has always been respectability; with a few notable exceptions (its courageous publication of the Pentagon Papers, for example), the *Times* has never aspired to iconoclasm.

In Rattner's case, the *Times*'s tendency to foster respect for power may have gotten out of hand. Certainly Rattner got too close to Charles Schultze, chairman of the Council of Economic Advisors. "My view was not that different from Charlie Schultze's view," Rattner told me. Rattner's choice of guru showed discrimination; Schultze was without question one of the best minds of the Carter administration. But in February 1979 Rattner carried the relationship beyond the interests of the *Times* and applied for a job as special assistant to Schultze at the council— "a person Friday," Schultze says.

The job involved dealing with the press, directing staff, working on economic reports. Susan Irving, who got the job over Rattner, calls it "the world's best job in economic policy if you're not a big enough shot to be a principal."

In some ways, Rattner's attempted leap to the other side of the fence may be viewed as laudable; few journalists have the intellectual curiosity to take on jobs that will let them witness firsthand what happens inside the government. Even fewer care enough about policy to want to have a voice. On the other hand, Rattner couldn't help but be compromised as a reporter by his pursuit of a job with an official he was assigned to write about for the *Times*. Around the time that Schultze interviewed Rattner for the position, Rattner interviewed Schultze for a story on page three of the "Week in Review" section, a Q&A on the priorities shaping the budget. Days after Irving took over the job, Rattner wrote a front-page piece for the *Times* on regulatory reform that gave great prominence to Schultze. Three months later another piece by Rattner on the "awesome momentum" of the movement appeared in the *Times* magazine. It led with a description of the "gravelly voiced" Schultze's career and his "impeccable liberal credentials." Schultze's 1976 Godkin lectures at Harvard were "a modern classic, the *Das Kapital* of the regulatory reform movement."

## Three faces of Steve

Rattner's pursuit of the job at the Council of Economic Advisors reflected his growing restlessness in his berth at the *Times*. In the spring of 1981, he was already considering investment banking when the paper offered him a prestige post: London. He decided to take it. He could always be an investment banker, but life wasn't likely to again offer him the opportunity to be a London correspondent for *The New York Times*.

London proved to be something of a comedown after the excitement and intensity of Washington. Rattner did manage to write some excellent stories; in one fine piece of reporting, for instance, he compared a Ford plant in England with a similar plant in Germany that


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had twice the productivity. But like most of Rattner's coverage from abroad, the story ended up on the front page of the business section. In general, Rattner's London stories were less compelling than his Washington pieces had been.

The basic problem was that, 40 years after the blitz, London just wasn't the news town it once had been. London has maintained its status as a prestige assignment for diplomats and journalists almost entirely on the strength of its amenities, which are undeniably enticing. London is regarded as a particularly plump plum at the *Times*. Paris and London are its largest foreign bureaus. Some top *Times*men own flats in London, and many *Times* editors not only have been posted there but suffer years later from acute Anglophilia (how else to explain a recent front page that gave bigger play to a fire that damaged Henry VIII's palace than to a plane crash that killed 166 in Mexico?). One *Times* reporter, reflecting these priorities, groused to me: "When they send me abroad it'll be to Managua. The place is a dump. There are no good restaurants."

Rattner was probably on his way out anyway by the time he hit the British isles. "He could write his ticket at the *Times*. The one thing the *Times* could not give him was enough money," one friend explains. Even so, the paper might have improved its chances of hanging on to Rattner had it provided a greater challenge to Rattner's brains and energy than London business.

One of the things that drew Rattner to investment banking was that it would test him. He liked the idea of going into a "totally different world, playing by a totally different set of rules," his friend Walter Shapiro says. He had no business degree; he was "giving the field a one-lap lead. He would be pushing himself and even faking it a little at first, and saying to himself, Let's see how good I can be in three or four years."

Of course, there were other factors. Rattner himself says that he thought of journalists (and lawyers and academics, too, for that matter) as being agents. He wanted to be a principal. Investment banking seemed to him to be a lot closer to actually running things.

Maureen White, an investment banker at First Boston who's engaged to be married to Rattner this summer, expresses it this way: "It begins to get on you after a while that you are writing about people who have more power than you, more influence, and more money, and are not any more capable. Why in God's name are you trailing them around the world and writing about them when you are smart enough to make the money and have influence commensurate to theirs?"

Some acquaintances suggest that Rattner's motivation was base. "He wrote about what he liked, money," says one. Another compares him to Sammy Glick of *What Makes Sammy Run?* Rattner's friends say that analogy is simplistic. "Steve's not running for the sake of running. He has goals. He wants to make an impact on the world, to make a difference," says David Ignatius, an editor at *The Washington Post*.

Paul Goldberger of the *Times* says, "To understand Steve well you have to think of both/and, not either/or. I don't think of him as particularly idealistic. He's a very tough, smart realist who has a broader and more sensitive world view than other tough, smart realists in the yuppie world of investment banking. He's very much one of them, but neither is he the same as them. He delights in the thought that he is among the most cultivated of investment bankers as opposed to being the most financially oriented of journalists."

When Rattner informed his bosses at the *Times* of his choice, they tried to hold him by assuring him of his brilliant future at the paper. But Rattner was realistic about those prospects. The track for hallowed writers at the paper (Russell Baker and Tom Wicker, for instance) was not for him. He didn't have a singular style, nor the disposition for that type of advancement. "As the years advanced, I'd be sitting in Nairobi waiting for a king to be toppled." Meanwhile, if he went up through management, the rewards were dubious. "There's only one Abe Rosenthal, you can't decide to be Abe Rosenthal."

"Steve is a very intelligent young man and he knows it," says Craig Whitney, then the foreign editor, who got nowhere during a dinner with Rattner in London in the fall of 1982. "I'm sure the word arrogant has come up in various people's assessments of him. Certainly there was an ebullient self-confidence bordering on arrogance, a feeling of, I don't have to do this, I can go off and do something else."

And so Rattner came back to New York.

## The roof blows off

A glimpse at popular culture gives some idea of how fast the securities industry was changing when Steve Rattner entered it. Twenty-five years ago, Walker Percy cast the hero of his novel, *The Moviegoer*, as a stockbroker with an old family firm so that his spinning anxiety would stand out against "the most ordinary life imaginable... quitting work at five like everyone else." In those


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days, though, interest rates were stable and commissions were fixed. When the Securities and Exchange Commission ended the fixed commission in 1975, the roof blew off. Enticed by the prospect of making huge commissions, newly competitive brokerages expanded the financial market, offering more and more ways for people to invest (or, increasingly, to speculate). Strip bonds and interest rate snaps: some of the financial instruments sounded like erotic paraphernalia. By winter 1986, when a film called *9½ Weeks* came out featuring a sado-sex-crammed affair between two box office stars, the male protagonist was, naturally, a stockbroker.

Ambitious yuppies flocked to the profession. Before 1982 Harvard didn't bother to keep statistics on the number of interviews investment banks conducted with seniors. By 1985 investment banks were conducting more interviews than representatives from any other profession—672 (including followups), compared to 595 for all high-tech-related fields and 418 for consulting firms. The world of public affairs made its contribution, too. Recent Wall Street recruits have included New York's former City Council president, Carol Bellamy (Morgan Stanley), and David Stockman (Salomon Brothers).

Just before Rattner got into the business, the Securities and Exchange Commission issued Rule 415, a landmark ruling that abolished the last vestige of fixed commissions dealing with investment banking. Coupled with other regulatory changes, the rule allowed a corporation that wanted to raise capital to eliminate a lot of the red tape preceding a stock or bond offering. What in the past had taken weeks now took hours. The red tape had been profitable to investment houses; a bank had been able, at a dignified pace, to assemble a syndicate of banks to buy up the offering. Now a bank had to fight it out for the right to underwrite the offering and sometimes had to buy the entire offering itself. Investment banks traditionally had gotten much of their business from underwriting, and their leaders were outraged. John Whitehead of Goldman, Sachs was quoted in *Fortune* calling the rule change "the ultimate abandonment of responsibility."

Rule 415 helped dissolve the clubby, old-school-tie connections of banking and business. It made banking more competitive and increased the pressure on banks to come up with new investment instruments to intrigue corporations. The number of bankers soared, and the emphasis shifted from waiting for the client to say what it wanted to identifying a market and then trying to interest someone in it.

The current merger mania on Wall Street has been widely noted. In 1980, $44 billion was spent on corporate mergers; last year, the figure was up to nearly $200 billion. This frenzy of buying and selling has been fueled largely by the Reagan tax bill of 1981, which slashed corporate taxes. But the way investment banks collect their fees also plays a role. To defend a corporation against takeover, an investment bank receives a flat fee. To participate in a sale, however, the bank is now usually paid on a sliding scale according to the size of the deal. Thus there's a new, built-in incentive for investment bankers to participate in merger deals.

Rattner had been at Lehman Brothers for a little more than a year when the partners decided to sell out to Shearson/American Express. Rattner was then a vice president. The sellout to a publicly held company meant that he could never become a partner. In Ken Auletta's new book, *Greed and Glory on Wall Street*, Rattner speaks of the associates' "deep resentment" over the sellout.

The new entity, Shearson/Lehman Brothers, tried to hang on to Rattner. He was already a rising star. One friend says Rattner cleverly used his broad experience and cultivation to position himself in the banking community as a near-peer of partners. "He was not another of these young, goddamn MBA types," he explains. Rattner's cosmopolitan air especially impressed older men who were at last hopeful of taking on a little Felix Rohatynesque class after a life at Mammon's feet. In any case, Rattner wanted to work where he might become a partner, and in spring 1984 he followed Eric J. Gleacher, a former Lehman partner, to Morgan Stanley. Today he heads a communications group there.

Split off from the J.P. Morgan bank in 1935 after Congress declared that commercial and investment banking must be separate activities, Morgan Stanley is the most blueblooded of banking firms. In the new world of banking it has been dogged by what the *Times* characterized in 1984 as a "stodgy" image. Gleacher and Rattner may be helping to change that. A wiry former Marine, Gleacher, 45, last year brought in $202 million in fees through his mergers and acquisitions department and is now a darling of the financial press.

Rattner, too, gets a lot of press. *The New York Times* recently lumped him among Wall Street's hugely paid "upstarts." The upscale television magazine *Channels* also featured him in a story on bankers. Rattner talked of the "big money"


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to be made, the companies "ripe" for deals. He said that it was "frightening" how similar his work is to reporting. "I used to develop sources, now I develop clients."

As to what he's making, Rattner won't tell, though he did say he has a "high savings rate." The lowest estimate of Rattner's earnings I got was $500,000. Two independent observers, noting Eric Gleacher's penchant for rewarding his favorites, guessed that Rattner is making closer to $1 million and possibly more.

## Ideals to deals

When Steven Rattner of *The New York Times* had dinner with Roger Altman of Lehman Brothers on that fateful August evening, Rattner never asked how his work as an investment banker would affect society. That question is worth bringing up today.

Until recently, communications was, in Rattner's words, a "somnolent" industry. But in the past few years Wall Street has begun to alter the way it values media companies, with the result that the business has become a lot more attractive. The mood changed in large part because of the Reagan administration's relaxed attitude toward the concentration of media ownership, specifically the Federal Communications Commission's increase of the number of TV or radio broadcasting properties one group could own from seven to twelve. Other factors were a new awareness of both the steady return from advertising in good times or bad and the glamor of media companies.

In the past, Wall Street tended to look at the asset value of a media company or its net earnings to see what it was worth. Rattner argues that both are deceptive measures because they fail to take into account the year-in, year-out ability of a newspaper or TV or radio station to generate cash. Despite fears of growing competition from cable and videocassettes, television stations have shown double-digit growth for years. Efficiently run media companies can be counted on to have operating margins (before tax and depreciation are subtracted) of 25 percent for a tightly run newspaper and 50 percent for TV stations.

Most of us look at a newspaper or a TV station as something that might inform us, amuse us, and perhaps enlighten us. Today, when Rattner looks, he sees a cash cow. "Why do people pay 25 times net income for these companies?" Rattner told *The Washington Post* last year. "A daily newspaper is an unregulated monopoly, and as a result of that, these properties have been able to produce growth in revenue and profitability that you don't see in many other businesses."

Rattner's amoral view of newspapers as moneymaking ventures has come to take precedence over what he wrote in the *Brown Daily Herald*—that newspapers should keep people from getting away with things they shouldn't get away with. Not long ago, Rattner was quoted in the *Times* suggesting that "a major newspaper operator" would know how to cut costs at the the *Courier-Journal* in Louisville, which the Bingham family is now selling. The irony was striking: Rattner, formerly a reporter for a newspaper that is famous for embodying what's best about family control—concern for the quality of the product above considerations of profit—seemed to be proposing that a similarly idealistic, family-run newspaper ought to be run by someone who knew how to maximize profits.

In fairness, Rattner has done some work to be proud of. He helped the Morgan team that was protecting CBS against Ted Turner last year, thereby keeping intact a corporation that has traditionally shown a dedication to excellence, particularly (at least until recent years) in its news division. Now he is helping defend the Pulitzer family, which publishes the St. Louis *Post-Dispatch*, from a hostile takeover bid by Alfred A. Taubman.

Deals like these are a reminder that investment banking doesn't have to be predatory and destructive. Beyond warding off unwanted takeovers, investment bankers can help foster the creation of new jobs or promote worker ownership. An example where Rattner managed to do both was his work for Jeff Smulyan in Indianapolis. Smulyan held a 42 percent interest in a company that owned four radio stations. He was impatient and wanted more growth. Last December Rattner convinced Morgan to put together $61 million so Smulyan and a partner could buy out the other owners and also pick up three more radio stations in major markets. As part of the deal Smulyan has set up an employee ownership plan.

On the other hand, Rattner has also helped to undermine the efforts of companies to put out a good product. Consider Rattner's battles with the Cowles family over the *Des Moines Register* and the *Minneapolis Star and Tribune*, two of the better newspapers in the country.

The *Register* has done the toughest, smartest reporting on farm policy in the midwest. It is known particularly for aggressive investigative reporting by first-rate journalists like Clark Mollenhoff. The *Star and Tribune* has distinguished itself in a costly area of the news business—



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special projects. Lately, for example, two reporters spent three months on an investigation of the state utility commission that already has resulted in one resignation and the legislature's introduction and passage of reforms.

Unfortunately, neither of these newspapers' ledgers read as well as the daily product. In 1982 the *Register* suffered its first loss in its 75-year history, and though it beefed up its net earnings in 1984 to 3.5 percent of $97 million in revenue, that's still low by Wall Street standards. The *Star and Tribune* has had only slightly higher returns, lately about 7 percent net earnings.

In 1984, the *Register* and the *Star and Tribune* were both family enterprises; the Cowles family controlled ownership of both papers through two separate companies. With only a few public stockholders to answer to, both papers had enjoyed a long tradition of putting newsgathering before profits, as family-owned newspapers often do. Unfortunately, as the ownership of a family paper passes to succeeding generations, there is always the danger that the stock will be spread among relations who have no more commitment to journalism than outsiders who bought public stock on the advice of their brokers.

In 1984 Kingsley H. Murphy came to Morgan Stanley to discuss his 17 percent block of private stock in the *Star and Tribune*. Murphy's family had once owned the *Minneapolis Tribune*. It sold out in the 1950s, and Murphy had inherited the stock. Now he wanted to get rid of it.

The timing was fortuitous. The Cowles family had just received an unexpected offer for the *Register*. It was a low ball, but the fact that the family agreed to consider any offer suggested to Wall Street that both the *Register* and the *Star and Tribune* might end up on the market. The more people who thought that, the higher a price Murphy would be able to get for his stock.

Rattner and Murphy started talking two or three times a day. Murphy remembers Rattner wanted to get both papers "into play" so that Murphy's block would be attractive. With that in mind, Rattner sought, in his own words, to "contribute to the general ruckus" over the Des Moines paper. "If that company wasn't sold, it would be 50 times harder to get the Murphy deal going." Rattner sent to The Washington Post Company and other potential bidders long documents and statements from embittered members of the Cowles family, seeking to convince them of the strength, magnitude and legitimacy of the dissidents' criticism of management.

Happily for Rattner and Murphy, the Cowles family took bids on the *Register*, including one from the Post company. But then, to their dismay, the family circled the wagons at the *Star and Tribune*. In January 1985 the Cowles family announced it had gotten more than 50 percent ownership of the paper into a family trust, with a verbal agreement to renew that trust through the year 2000, when it expires in 1990.

"That was a setback," Murphy recalls. But Rattner called him up and said, "Let's attack." Murphy sued the Cowles family in a Delaware court to protest the family trust. Murphy later dropped the suit, but while it was pending, it managed to create expectations that the Minneapolis paper would soon be up for grabs—expectations further fueled by the acquisition of the *Register* by Gannett in January 1985. The Post company and Gannett both found themselves bidding for Murphy's *Star and Tribune* stock. In the end, the Post Company bought for about $56 million what Murphy had been unable to sell six months before.

It's true that Rattner's efforts didn't end up shaking the *Star and Tribune* loose from the Cowles family, but his contribution to the "general ruckus" probably helped lead to the purchase of the *Register* by Gannett, which is notorious for cutting back on its papers until they return upwards of 20 percent. Gannett has already begun cutting away at the *Register*: management has shut down two weekly regional editions of the paper and, according to one report, has cut the travel budget for reporting.

Rattner's efforts on Murphy's behalf also probably increased the chances that the *Star and Tribune* will be bought out sometime in the future. Days after Murphy sold out, Gannett bought a smaller piece of the Minneapolis paper that came on the market out of the Cowles's liquidated *Register* company. As a result, Gannett is now hovering over the *Star and Tribune* too, along with the Washington Post Company, waiting for the family to crack.

It would be unfair to suggest Rattner's deals are typically this destructive to valuable enterprises; more often, they simply sop up dollars for morally neutral, if pointless purposes. Take Rattner's biggest deal of 1985: helping the owners of KTLA, an independent television station in Los Angeles, sell out to the Tribune Company of Chicago for $510 million, the most ever spent for a TV station. Golden West, Rattner's client, was in essence a group of speculators (including seven investment bankers and the station's managers) who had bought the station for $245 million just three years before from the former cowboy star Gene Autry. Though they operated the station,



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their primary interest (at least that of the outsiders) was in seeing its value go up. The only mistake they made, the leader of the group told the *Los Angeles Times*, was in thinking it might take eight years to get $500 million.

The KTLA deal was a classic "asset play." Ninety percent of the shares were owned by seven investment bankers who weren't particularly interested in running the TV station. Mostly they were waiting for the value of the investment to increase. In helping the owners sell off this unwanted asset at a stupendous price, Rattner served to bid up the price of a TV station without doing anything to make it a better station.

In an article he wrote for *Channels* about merger mania, Rattner said that, apart from Rupert Murdoch's ventures, none of today's media trading activity was "likely to affect the content of television (or newspapers)." What about the pressures that profit maximization and debt place on newspapers to cut back on lengthy investigations, foreign reporting, or even more basic editorial expenses such as the number of reporters a paper can afford to send to city hall? When I asked Rattner about the dangers of forcing great newspapers to return high profits, he said, "Until the public or the government decides to voluntarily contribute to the financial success of newspapers, it's a little off-base for people to feel that the equity owners in these newspapers should be penalized. It's a special asset, but it's an asset. As long as newspapers are part of our capital environment, it's unfair to expect these people to make sacrifices." There are two answers to this. First, Rattner isn't just an innocent bystander who respects stockholders' rights; he makes his living by *encouraging* them to be dissatisfied with their return. Stockholders don't want to make "sacrifices" in large part because there is an industry dedicated to convincing them not to be suckers. Second, anyone who puts money into a newspaper—or any other enterprise, for that matter—assumes some responsibility for that company's actions. In the case of a newspaper, that means resisting the temptation to raise profits by inhibiting that newspaper's ability to inform.

During our talk in the deli, I asked Rattner to compare the social worth of reporting with that of investment banking.

He sat back and held the bridge of his nose.

"I have two answers," he began. "I guess in the cold light of—No, I don't know if that's true either." It was about the first time he'd faltered that afternoon. He paused, then spoke slowly. "It's something I've thought a lot about. I don't view investment banking as the ultimate social fulfillment to me. I do it because I like what I'm doing. And yet we all do have a responsibility to put something back.

"Being an investment banker for the last three years has made me realize more what all of us should do. I'm a failure at discharging all my social responsibilities. When you're a journalist, though, you convince yourself of your social usefulness and you don't worry about it. Being an investment banker strips that away. I won't tell you that it is a socially responsible profession, whatever the hell that means, but I won't say journalists are either."

Later, he said he often felt that reporters were motivated by the desire for glory and to "hobnob with the great and near great." It's a point to consider. Much as we might want it to, no job confers virtue automatically. What matters is the moral content of our actions in that job. What is troubling about Rattner is that in recognizing that no *profession* is inherently moral, he also seems to have given up on the idea that *individuals* should strive to be useful to society.

## 'All that intelligence'

It took a few minutes in the lobby of *The New York Times*—not far from the bust of Adolph Ochs—before the guard figured out which of the four or five numbers he had for Ochs's great-grandson was correct. Arthur O. Sulzberger Jr., 34, has been moved around frequently so that he can learn different aspects of the family business.

The (more than likely) future publisher of the *Times* was cheery, handsome, and dapper. He smoked a pipe, wore suspenders and a pink shirt with white collar and cuffs, and during our talk took a couple of calls having to do not with his latest job, production coordination, but with his pet concern, the North Carolina Outward Bound School. "There is no one outside my family to whom I'm closer than Steve Rattner," said Sulzberger.

The two met in 1978 in the *Times* Washington bureau, where the proximity of their desks fostered a friendship. Today the two live in the same building and run together in Central Park. The oft-repeated line among *Times* employees—it comes around six beats after they ask if you know how much Rattner is making—is that with Sulzberger's blessing, Rattner will come back someday on the corporate side, perhaps as president. I asked Sulzberger about this. He said he didn't know whether Rattner would want to return or what position would be appropriate.



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Sulzberger said Rattner had many layers—implying, as other close friends have, that if I took his banker's bluster at face value I would miss out on his deeper concerns. "He's a very complicated sort of man, with a lot of things going on in his life, some of which he'll let you know about and some of which he won't."

After that Sulzberger spoke of the quality of Rattner's mind. Then he broke off and said, "All that intelligence—why doesn't he put it to good use?"

"Are you joking?"

Sulzberger shook his head. He said he teases his friend about the social worth of his work. On one hand he thinks his "moral values" have not changed and it's good to have people in business with a sense of social purpose. On the other hand, as his investment-banker friends know, Sulzberger is "troubled" by the values of banking.

He may also be worried that Rattner has started an exodus of *Times* reporters to Wall Street. Last year Michael W. Blumstein, 29, left the business desk of the *Times* to become an analyst at First Boston. He said he had always loved journalism, and even thought he was making a social contribution when he wrote about such corporate maneuvers as "defeasance," a complex way to escape debt. But he didn't feel he could afford to live in Manhattan on an income in the high forties. It also distressed him that by age 30 his salary would be topping out.

When he finally heeded "the tape" (Wall Street's expression for the direction of the market) and left the *Times*, no one told him he had sold out. "People thought, you're making a smart move for yourself," he says.

## Scotty's lament

About two years after Steve Rattner's dinner with Roger Altman, Rattner attended a dinner held by James Reston on the eleventh floor of the *Times*. The columnist was turning 75, and he wanted to throw a party for his clerks. Eight tables were set up in the publisher's dining room, but when Reston saw the arrangement he directed that there be one big table because the clerks were a family.

Fourteen clerks came. One of the absent cabled greetings from Angola. Donald Graham explained he'd make the trip only if it was the retirement party. Abe Rosenthal showed up. A book full of clerks' reminiscences and testimonials in oversized print—the second edition in the space of a few years—was presented to the columnist. There was also a bagpiper.

Reston ran the show. In his casual way he went around the table, apostrophizing one after another of those present.

"And then there was the one who came up to me after a speech in Chapel Hill, with his hands dirty with printers' ink," he said, and everyone understood that he was talking about Jonathan Yardley. Then Yardley took up the conversation and recounted a story about Reston. Reston next got in a dig at Abe Rosenthal about one of Rosenthal's great frustrations, how long it had taken him to get on the foreign desk.

Then it was Rattner's turn. Reston looked down the table in a fatherly way and said, "And then there was the one who left the fold. When are you coming back?"

Rattner defused the tension with a joke, but behind it there was apparently a lot of feeling. "Mr. Reston thought very highly of Steve, and I think was very disappointed but understanding when Steve made the career choice he did," Philip Shenon says. Beyond the personal attachment, some clerks say that those who signed on as clerks implicitly made a pact with Reston, and when one left the family, Reston was said to feel it as a personal failure.

It's hard to think of Reston—aging, ponderous, respectful of the establishment—as a role model for an aggressive reporter today. It might even be that Reston is the person Rattner had in mind when he told me he thinks journalists are motivated by their desire for glory and the chance to hobnob.

Both the *Times* and journalism in general invite such disregard. As former *Times*man J. Anthony Lukas points out, reporters don't have pure motives. "Especially after the civil rights movement, Vietnam, and Watergate, we were able to feather our financial and professional nests at the same time we were exposing inequities. The journalist is not an unmitigated crusader. He is an ambiguous figure." This is much more apparent today than it was in the 1970s, when Steve Rattner was inducted into the profession. As the glamor of journalism wears off—at least in the realm beyond the Capital Beltway—we discover that not every reporter is out to make the world a better place to live in.

But the answer isn't to conclude that what you do doesn't matter. For all his complacency, James Reston understands that. The other day, in one of his benign rambling columns, Reston expressed the hope that youth today doesn't just want security but is looking for "purpose and even service." I wonder if anybody was reading. ■


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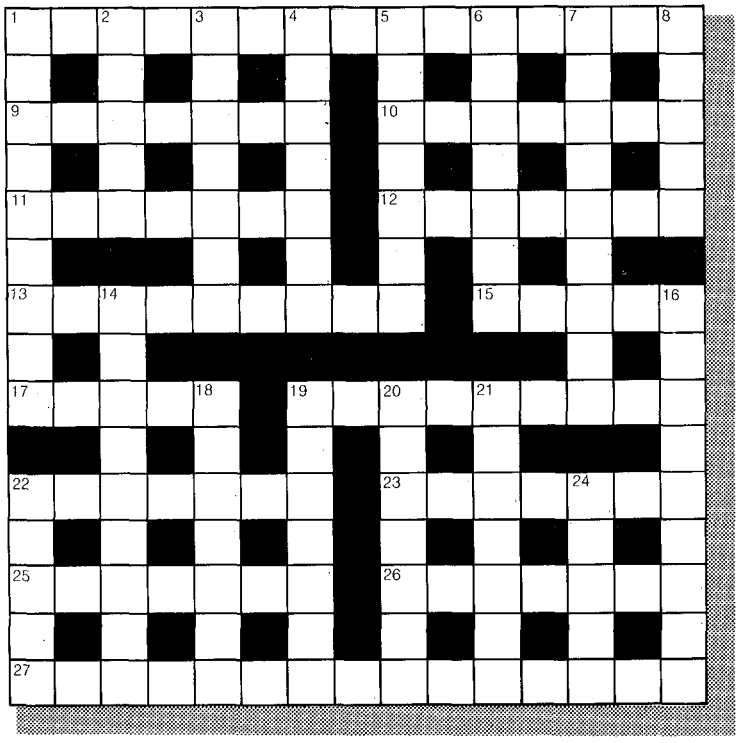
# POLITICAL PUZZLE

## by John Barclay

The numbers indicate the number of letters and words, e.g., (2, 3) means a two-letter word followed by a three-letter word. Groups of letters, e.g., USA, are treated as one word.



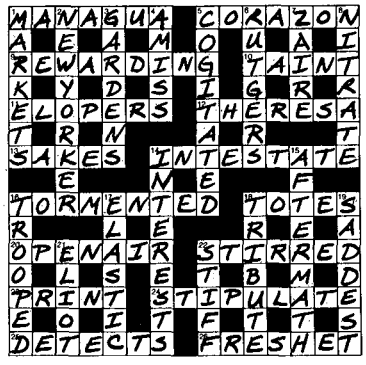
### ACROSS

1. Hot Washington story "He Turns After Weight Rattled Drum." (5-6, 4)
9. Actress puts skirt around addition. (7)
10. About 1001 tissue reversed for big man. (7)
11. Little thing in a bomb explosion. (7)
12. Tree of nicer composition. (7)
13. Dialect distorted worm angle. (3, 6)
15. Caviar in a train? Backwards and wrong! (5)
17. Arranges that it's better to be in than out of. (5)
19. Presses so hard to take back. (9)
22. Sent Sam ornery flower parts. (7)
23. Heathen plays infield badly. (7)
25. Unite coming back in about train. (7)
26. Nymph throws garland around Russian city. (7)
27. Find gender lapse organized goal of 1 Across. (7, 8)

### DOWN

1. Plucky dances for star athletes? (4, 5)
2. Variety of manna for Vietnam. (5)
3. Uneasiness when he takes in middle of waist. (7)
4. Wildly mourn if costumed adopted. (7)
5. Indian in macho posture. (7)
6. One mine surprisingly chosen by party. (7)
7. Focus deer unreasonably suppressed. (4, 5)
8. Wrongly fears less dangerous route. (5)
14. Justified rate drawn unfairly. (9)
16. Breaking into pieces untrue love's ring. (9)
18. Grimmer bovine swallows nurse. (7)
19. Give letters again for seller confused about plant start. (7)
20. He takes medical dose up after Greek letter. (7)
21. Spice arranged for fans. (7)
22. Fires back part of letter. (5)
24. Held awkwardly one Indian city. (5)

*Answers to last month's puzzle:*





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One story says we're facing disaster, another says the coast is clear. Who's right?

# SHOULD WE WORRY ABOUT THE DEFICIT?

by John Palmer and Stephanie Gould

On February 20 *The New York Times* startled its readers with the front-page headline, "Economists Now Detect Falling Trend in Deficit." After years of passing along gloomy projections about $200 billion deficits "as far as the eye can see," as David Stockman once put it, the *Times* was now predicting that the deficit would fall by $20 billion a year—even without the benefit of Gramm-Rudman. With inflation down and employment up, cuts that had already been made in federal spending meant that the deficit was not going to be nearly as great as once projected. One particularly good sign was that interest rates were down; lower interest rates meant that payments on the $1.6 trillion national debt might drop by as much as $16 billion through fiscal year 1987.

On the following day, *The Washington Post* was telling a different story. "Volcker Questions Deficit Projections" read the headline. Appearing before the Senate Banking Committee, Paul Volcker, chairman of the Federal Reserve, had called the optimistic calculations "very fragile." The deficit was not "last year's problem," he warned. "It is very much with us."

Then came a maybe-yes/maybe-no story in *The Wall Street Journal* under the headline, "Deficit Projections Raise Hope and Doubt." On the one hand, Gramm-Rudman's "show of deficit-cutting resolve" had provided a boost to the financial markets and triggered a decline in interest rates. On the other hand, President Reagan's pledge to raise defense spending 8 percent after inflation hadn't been taken into account by the optimists.

Who's right? In one sense, all three papers are wrong: ephemeral projections based on today's favorable economic conditions aren't nearly as significant as the headlines suggest. But the big news is that the deficit does indeed seem to be coming down—thanks in large part to a factor so obvious that it's been overlooked.

*John Palmer is a senior fellow with the Urban Institute in Washington. Stephanie Gould is a Washington writer.*

## Could'a been worse

Just how out of control was the deficit? Consider: if the federal budget had remained on the trajectory mapped out by the policies adopted in 1981, we would now be facing a deficit approaching $400 billion or 9 percent of Gross National Product—nearly double the current deficit. By fiscal year 1991 the deficit would have been climbing to well over $500 billion—and still growing. Before the 1980s, peacetime deficits had never risen above 3 percent of GNP, except briefly in fiscal years 1975 and 1976, in the aftermath of a recession and a decade of rapid expansion of spending on domestic programs. With the resumption of economic growth after 1976, the deficit declined rapidly, falling to well under 2 percent in FY 1979. (In discussing the deficit over a long period of time, percent of GNP is more revealing than aggregate dollars, since a $200 billion deficit is only half as significant in our current $4 trillion economy as it would have been in the $2 trillion economy of a decade ago.)

In the 1980s, of course, we also have had a recession, followed by a resumption of growth, but the deficit has not proved similarly obliging, remaining stubbornly above 5 percent of GNP for the past four years. The widely accepted explanation is the imbalance of taxing and spending policies introduced by the 1981 tax bill and accelerated defense buildup. This imbalance turned out to be so great that it far outweighed the



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effects of economic recovery. The recovery in the late 1970s, in contrast, went hand-in-hand with growing fiscal stability: spending for domestic programs did not rise significantly over the latter half of the decade; defense spending had begun a moderate climb in FY 1979, after falling throughout the decade (but like domestic spending it was the same percent of GNP in FY 1981 as in FY 1976); and taxes had risen by more than 2 percent of GNP from the average of the previous decade. More important for the fiscal outlook at the end of the decade, taxes were on a path of continued increase, since they were not then indexed for inflation (as they are now) and high inflation rates produced "bracket creep."

The balance between taxes and spending disappeared in the early 1980s. Domestic spending dropped, but not by nearly as much as tax revenues, while defense spending and interest payments rapidly rose. Also, the economy plunged into a much deeper recession than anyone had anticipated. The result: out-of-control deficits.

While this part of the story is familiar to us all, the ensuing preoccupation with finger-pointing has obscured the denouement. Had Congress not gone into action, we would now be facing a self-feeding deficit of twice its current size. Instead, over the past four budget cycles Congress has managed to achieve substantial savings—enough to reduce the FY 1986 deficit by more than $160 billion (4 percent of GNP) from what it otherwise would have been and to reduce projected future deficits by far more. If Congress had not slowed down the planned defense buildup, initiated tax increases, and made further domestic program cuts in the years after FY 1982 (the year the deficit really took off), we would be in one hell of a mess. In essence, Congress has been running very hard down an up-escalator, seemingly just to stay in place. But, as a result, the deficit will go down.

The hard running will yield more evident dividends in the future because the longer-term effects of the deficit "savings" (the phrase *is* odd, but there's really no better one) are proportionately much larger than their short-term effects. This is particularly true for defense, where increases in budget authority had already been scaled back before big additional cuts this fiscal year. This year's defense outlays are already more than $30 billion less than what was called for in the buildup as planned in 1981, but these savings will amount to more than $100 billion annually by the end of the decade, even if defense budget authority is allowed to grow in real terms (adjusted for inflation) by as much as 3 percent per year—the upper limit currently being discussed in Congress. Similarly, past years' adjustments in entitlement programs, especially Social Security and Medicare, and this fiscal year's appropriation actions for discretionary programs—which together account for the bulk of the additional deficit savings realized since FY 1982 from domestic programs—are yielding deficit savings that will increase relative to GNP each year. Finally, because of the deficit reduction efforts over the past four years, considerably less new, compounding debt is being added to existing debt each year than would otherwise be the case, and this, in turn, brings savings on interest payments.

Tax increases have so far been the major source of deficit savings. (More than half of the revenue loss embodied by the 1981 tax cut will ultimately be offset.) But by the end of the decade, the defense and interest savings will be about equally as important. Domestic program cuts initiated *subsequent* to FY 1982, when the deficit explosion began, are considerably less important than the other components of savings. However, in combination with the administration-initiated domestic cuts from FY 1982, these later domestic cuts are projected to result in a 20 percent decline in domestic program spending relative to GNP.

We may go on indefinitely debating the question of who was more responsible, Congress or the administration, for getting us into the deficit hole. On the one hand, the administration did serve up some wildly unrealistic economic and budget forecasts—predicated on immediate, strong, and sustained economic growth—in 1981, but on the other hand, Congress swallowed them (and, in a manner of speaking, asked for more by expanding the administration's proposed tax cut). On the one hand, Congress did refuse to cut domestic spending by as much as the president requested in 1981, but on the other hand, even if Congress had granted his full request the subsequent deficits would have been only marginally smaller. And so on. On the administration's side, it must be acknowledged that the 1981 budget proposals were attempting to address some real concerns: defense spending had shrunk to feed domestic programs through most of the 1970s and taxes had risen higher than seemed tolerable to many people. On Congress's side, it must be acknowledged that the political situation in 1981 did not favor the telling of painful truths to the public: it's very hard to sell "fiscal responsibility" when "voodoo economics" is going like hotcakes.

But if blame for creating the problem is hard


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to fix, credit for solving it is not. For all the president's grave talk about a spendthrift Congress, his actual budget proposals since 1981 attest to how little he cares about the deficit. He has remained intransigent on the subjects of defense spending and taxes and has wished away the bulk of the deficit with overly optimistic economic assumptions and politically unrealistic cuts in domestic programs. In fact, even if all of the president's post-1981 domestic cuts had been accepted by Congress, the Congressional Budget Office's (CBO) estimates indicate that none of his proposed budgets for fiscal years 1983 to 1986 would have reduced the deficit at the end of five years by even one half.

The exhausting political pulling and hauling over the budget in Congress during the past four years takes on new meaning in this light. Far from indulging in empty posturing, Congress has been engaged in an extremely difficult—and so far very responsible—political struggle (among themselves and with the president) that has produced considerable success against highly unfavorable odds. As an institution, Congress is simply not well-constituted—indeed, was never intended—to develop its own detailed design for something as complex as fiscal policy and the federal budget. The appropriate role of Congress in fiscal matters is to respond to and modify an overall plan from the executive branch. The legislative branch is particularly ill-adapted to exercise the initiative for such politically controversial and painful actions as have been necessary to bring the deficit under control, especially with the House and Senate under different party leadership. Nevertheless, Congress—most notably, the Senate Republican leadership—has taken on this thankless task, consistently rejecting the president's budgetary euphorics, insisting on meaningful action against deficits, and forcing substantial compromise to this end on the president.

Where does this leave us? While the actions taken by Congress over the past four years have set the stage for a dramatic decline in the deficit, they by no means guarantee it. The economy must also cooperate. The CBO projections assume strong, sustained economic growth over the next five years, with increases in real GNP averaging well in excess of 3 percent per year, far more than either last year or the past five years. They also assume substantially declining interest rates, a moderately declining unemployment rate and a relatively stable rate of inflation. When the CBO released its findings in February, these assumptions were—as usual—significantly less optimistic than the administration's assumptions

# THE WASHINGTON MONTHLY

## Journalism Award

**for February 1986 is presented to**

**Nelson W. Aldrich, Jr.**
*New England Monthly*

In "The Temple of Analysis," Aldrich profiles Harvard's Kennedy School of Government, which trains future government employees (fewer than a quarter expect ever to run for office) using a value-free "analytic" method that leaves many students wondering why they dedicated themselves to public service in the first place.

**Edward O. Welles**
*West Magazine, San Jose Mercury News*

Welles explains how the desire to shelter investment against inflation in the 1970s and overly generous tax depreciation in the 1980s have led to an enormous office glut in Silicon Valley and elsewhere. Among those seeking to get in on the land boom were the insurance companies, who, thanks in part to such unwise investments, are now raising premiums through the roof.

**Tim Smart, Jim Leusner, James Fisher, John Glisch**
*Orlando Sentinel*

In addition to thorough coverage of the O-ring failure and the mismanagement that led to the Challenger disaster, the *Orlando Sentinel* did an especially good job of reporting other problems that NASA has not solved that might as easily have caused the shuttle failure. The *Sentinel* reported, for example, that turbine blades in the three main shuttle engines have snapped during tests. The failure of any one of 829 shuttle parts could destroy the shuttle and its crews.

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were. But they were more optimistic than the prevailing consensus of private forecasters. The key thing to remember is that such forecasts always involve considerable guesswork.

Although the deficit is now a far tamer beast than the one unleashed in 1981, there is still an imbalance between taxes and spending. This imbalance sustains a historically high debt-to-GNP ratio, leaves us too dependent on foreign capital and vulnerable to international competition, and generally serves to depress future increases in our standard of living. For all Congress has managed to accomplish in the past four years, still more legislative action is needed to reduce the remaining structural deficit. Accompanied by a continued easing of monetary policy, such action would help us to either realize CBO's optimistic projections for the economy or limit the increase in the deficit should the economy ultimately fall short of CBO's expectations. The good news is that the amount of additional budget cutting and/or tax increases needed to bring the deficit down to a comfortable level is only about one-fourth as much as has already been achieved. Relative to the CBO baseline, another 1 to 2 percent of GNP by the end of the decade would be adequate.

So far, this year's budget debate has followed the course of the previous four: the president has served up a proposed budget that both the House and Senate have almost unanimously rejected as entailing too little deficit savings and relying too much on deep domestic program cuts. But, politically, times have changed. On the one hand, just as in a marathon race, the last few miles are likely to be far more difficult than all the earlier ones, simply because the politically easy steps have already been taken. And political energies may flag as the public, the president, and Congress read articles like this proclaiming our success in reducing the deficit. On the other hand, Gramm-Rudman calls for a balanced budget by the end of the decade and holds a gun to the head of Congress and the president by providing for automatic spending cuts to achieve the balance, absent agreement on some other approach. No one knows whether Gramm-Rudman will survive constitutional challenges or, if it does, whether Congress or the president would ultimately be willing to pull the trigger and put in motion automatic cuts far larger and more politically painful than those recently implemented. But Congress's record of the last five years suggests that at least one branch of government takes the deficit much more seriously than most of us have recognized. ■


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# THE $19,000 PRESS PASS

## A FORMER JOURNALISM SCHOOL DEAN ASKS, IS IT WORTH IT?

by Carolyn Lewis

Ask any older journalist about the usefulness of a journalism school education and you're likely to be treated to a lecture straight out of *The Front Page*. Kid, he'll say, you learn reporting by reporting—by hustling, digging, and wearing out shoe leather. And you've got to have your head read to go to some highfalutin journalism school.

That approach, I once thought, was narrow and closed-minded. Journalism is badly in need of critical self-evaluation. The profession could be markedly improved by young journalists with deeper insight, more education, and a creative bent. In theory, a university is a suitable place to learn, reflect, and experiment.

As a working reporter with 24 years' experience and a teacher of both graduate- and undergraduate-level journalism for seven years, I confess that the curmudgeonly old journalist is probably right. The kind of journalism taught in the schools where I was an instructor could be learned by any bright high-school graduate in eight weeks on a small-town weekly. What's more, instead of forking over several thousand dollars to the university bureaucracy, he could be earning his living while learning his trade.

Journalism education ought to be training young people to think critically and evaluate information, but I discovered instead that most university programs are merely trade schools. What they teach is grunt-level journalism—who, what, when, and where but not the whys or whithers. Instead of a community of scholars, I found an enclosed universe where professors are concerned more with their egos and perquisites than the profession they are supposed to be serving. Instead of talented, eager students imbued with a sense of mission, I found countless students who lacked the drive, the dedication, and even the competence in English that a good journalist must have.

What students fail to get at journalism school is precisely what they have a right to expect from any university program: high-level education that challenges their intellects. They have a right to expect an education that trains them to be more than laborers in the trenches churning out predictable reports on sewer boards and courthouses (though they need to know that, too). They should be trained to ask the questions unposed by officials, to help set agendas instead of following the agendas set by governments and public relations people. And they should be trained in the exacting science of transforming raw information into substantive and thoughtful journalism.

### Just the facts ma'am

My first journalism job was with United Press International. I was a raw, untutored kid, fired with ambition. Surrounded by experienced reporters, pressed by constant deadlines, I learned by listening, watching, and doing. I worked hard.

*Carolyn Lewis is a reporter for the News-Journal papers in Wilmington, Delaware. She was associate dean at the Columbia University Graduate School of Journalism from 1979 to 1983.*



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I made mistakes. And I learned the basic skills. In the past decade, that kind of opportunity has become almost nonexistent. A job applicant has to have several years' experience before he is likely to get a reporting job at a major wire service. That is unless he goes to journalism school. The degree in journalism, for those without experience, is the great equalizer. It can open doors that would otherwise remain closed to the neophyte.

"The purpose of journalism school is to help you get a good job," says Josh Friedman, a Pulitzer-Prize-winning reporter at *Newsday* and a 1968 graduate of Columbia. But, at least in newspapering, the number of jobs is shrinking. As newspapers around the country fold, media organizations are snapping up the laid-off, experienced reporters instead of students fresh out of journalism programs.

The Dow Jones Newspaper Fund reports that in 1985, newspapers with a circulation of more than 10,000 hired 64 percent of their new reporters from other papers. That compares with 39 percent in 1974. Meanwhile, the number of students majoring in "mass communications" increased from 13,000 in 1975 to 20,000 in 1985. The bulk of these young people end up in public relations jobs or employment on trade journals or in television, all fields that are expanding.

For the handful of experienced journalists from smaller markets who take time off to go to journalism school, however, the credential can make a difference in getting a newspaper job. For the investment of $19,000—the cost of living expenses and tuition at the Columbia Journalism School—that prestigious degree can accelerate the climb to a larger market. Regardless of its real worth, the image of Columbia still carries weight in some quarters, especially if it is backed by a glowing reference from a working reporter who happens to be on the adjunct faculty.

Columbia offers an eight-month graduate program, geared almost exclusively toward just-the-facts-ma'am journalism. Except for one or two electives, a master's project that is a magazine piece, and a total of about 17 days devoted to editing, radio writing, and media law, the program consists of writing and reporting workshops. It is a high-speed, highly intensive, practical program, with almost no time or room for flexibility or intellectually stimulating courses. All the students are required to take the basic courses, even those who have had several years' experience on a college paper or as working professionals.

"They were such baby courses," says Jack Hitt, a 1981 graduate. "Imagine sitting in a room and being taught to read again." This is a lead. This is the inverted pyramid. Put a " -30- " at the end of the story.

On a typical Monday morning in the basic Reporting and Writing class, the student meets with a professor for an hour of instruction on that week's subject matter. One week is devoted to the courts. The student is told that a journalist must be fair, accurate, and balanced. He is told how to get to the courthouse on the New York subway. And then he is sent on his way. Later the student returns from the "event" to write a basic he-said/she-said story about what happened in the court that day. The teacher collects the story, edits it, and returns it to the student later in the week. The following week the student deals with another subject, like city hall, and once more the story is a simple, meat-and-potatoes exercise.

Okay, much of journalism is of this variety—surface stuff. And if you want to get that first job, you need to know how to do it. But is this an appropriate kind of instruction at the graduate level of a university? Students need a deeper understanding of how the system works, how one part of government interacts with others, where the real, as opposed to the apparent, power lies. You don't get that by practicing wham-bang journalism.

"No one said, Here's how you analyze a budget, here's the way the courts work," recalls Carol Polsky, a 1981 Columbia graduate who works at *Newsday*. "There was no analysis of institutions, power, and structure."

Ironically, when I was associate dean at Columbia, I proposed a course that was designed to do just that—analyze the sources of power and their interlocking relationships. My suggestion didn't get very far.

So lacking in intellectual substance is the Columbia curriculum that students can go through the entire program without having to read a book. When I was co-teaching a course with Dean Osborn Elliot, I even had to nag *him* to read the books assigned in the course. In the end he managed to read only one. "There was no analysis of what makes news, what are the ethics of journalism, what kind of choices you make as a journalist," Polsky says. One current student, Tom Vinceguerra, says that in his basic reporting class a difficult ethical question came up. When a student tried to open a discussion on the matter, the professor barked, "I don't want to get involved in a Fred Friendly type of discussion." He was referring to the legal issuess course that former CBS president Fred Friendly teaches. Friendly used the socratic method in a course he described as, "posing questions so difficult, the


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only way out is to think." Friendly uses the same technique in his Media and Society television programs, which are under Columbia's wing but are separate from the journalism program.

## Why Johnny can't report

Critical thinking does not come easily to many students. And that difficulty is reflected in their writing. When I first began teaching at Boston University—both undergraduate and graduate students—I was astonished to find that many of the students in my basic classes were virtually illiterate. Instead of teaching the basics of journalism, I spent my time explaining the importance of using a plural verb with a plural noun. At an American Press Institute seminar several years later, a group of professors from other schools exchanged similar horror stories. "Any body who wants to can get into our school," one of them said, "and a lot of the kids can't even write a simple sentence." Not one of the journalism programs represented at the meeting required basic literacy before entry. "Either I teach the kid how to write a lead, or I teach him how to write English," was the way one professor explained his dilemma.

I came to Columbia expecting much better. But this "premier" school of journalism, where only one-fourth of the applicants are admitted each year, also managed to take in many unqualified students. Norman Isaacs, another former associate dean at the school, estimates that about 20 percent of the students needed serious help with the basics of writing and reporting. This percentage has probably increased as the school has expanded from 150 students in the 1960s to 180 now. I remember getting phone calls from editors who grumbled to me about the illiterate candidates for jobs who were landing on their doorsteps clutching Columbia diplomas.

I was equally startled by the number of students who chose journalism as a career but hardly ever read a newspaper. Now and then they might stare vacantly at the local TV news, but did they read *The Boston Globe*, *The New York Times*, or even *The New York Post*? One Columbia professor this year gave his class a diagnostic test measuring word usage, punctuation, elementary math skills, and current-events knowledge and was shocked by the results. The current-events section challenged students to name the president of Nicaragua, the U.S. secretary of state and the chief justice of the Supreme Court, as well as other "difficult" questions. The median score for that section was 66 percent.

Some students lacked that most elementary prerequisite—curiosity. One former professor recalls a day during the 1980 presidential campaign when a well-known pollster lectured the students about his role in the campaign. After his talk, he asked if there were any questions and then he waited. Not one student asked a question. Finally, a professor spoke up, followed by another faculty member, and then one or two students. "That," the professor says, "was the perfect example of the instinct they didn't have."

Most professors, however, shy away from enforcing rigorous standards. Columbia has a pass-fail grading system, relieving the teacher of the unpleasant task of separating the best students from the worst. Of the 180 students who came to Columbia each year I was there, I can remember only one or two being flunked per year. One tenured professor at Columbia got around the problem of making hard judgments by telling his students that as long as they did all the work he required, even if they did it badly, he would pass them. And he did. If a faculty member wanted to fail a student, he had to explain his decision in an open meeting before the rest of the faculty, and the others would put pressure on him to change his mind. After running that gauntlet a time or two, even new instructors got the message.

My greatest disillusionment came through my experiences with the faculty. Maybe I was naive. Before I left Washington for academe, I thought of a university as a place where one could engage at leisure in higher mental exercises. What I found instead was a world consumed by trivia. When I attended my first faculty meeting, I felt like Alice on the other side of the looking glass.

Did the professors discuss the flaws and virtues of journalism and how they might labor to make it better? Did they argue the subtleties of instructing young minds? Did they worry about how to connect their courses to what the professional required in a fast-changing world? Well, no.

Here is the subject matter of a typical faculty meeting: When are we going to get the copier fixed? What is the deadline for grades? Who is going to change the lightbulb in my office? Why didn't the dean pick up the tab for my magazines? How come Professor M. got the sunniest classroom? Who is responsible for the cockroaches in my closet? And why do I have 12 students in my basic reporting class when Professor O. has only 11? Norman Isaacs says in his new book, *Untended Gates*: "In so-called real-world


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political maneuvering, the goals are evident: position for power and the rewards that go with it. In academe, the objectives often seem tied to egotistical one-upmanship. Columbia's late Wallace Sayre may have described it best when he said, 'The reason faculty politics are so vicious is that the stakes are so low.'"

The barriers to change are institutional, and therefore difficult to overcome. The tenure system preserves deadwood and the academic environment fosters unparalleled pettiness. The idea of lifetime tenure has always been to protect faculty from retribution if they dared to write or say things that challenged the establishment. Ironically, inside the Columbia journalism school, its effect is just the opposite. Non-tenured faculty who want tenure are pressured to conform to the dictates and whims of the tenured. Any whiff of mutiny is unceremoniously squashed.

Protected from the normal risks of dismissal that keep the rest of society's workers alert, the tenured professors' womb-like security becomes an embalming embrace. It keeps in lousy professors and keeps out most new ideas. My suggestions that we create summer institutes on reporting, teach a course on finding the true sources of power in institutions, and create a course called "critical evaluation of the news" were resisted mostly because they were new. When I first came to Columbia in 1978, the school was teaching broadcast journalism with eight-millimeter silent film cameras, when videotape—talkies!—had been used by local and network stations for ten years. Because the film took days to process, it was both a technological anachronism and a hindrance to teaching. The suggestion that we use videotape infuriated the senior broadcast faculty member who had last plied his trade at CBS in the heyday of film. When the videotape arrived —and it did, eventually—it meant that he and the other instructors had to retool. They had not had to retool in decades (if ever).

The tenured faculty particularly feared popular professors with a reputation in the outside world. The most embarrassing example at Columbia was the faculty's insane jealousy of Fred Friendly, whose Media and Society TV series is highly acclaimed.

It is virtually impossible to fire a tenured professor. One such professor at Columbia "borrowed" some of Dean Osborn Elliot's private letters and ran off copies without permission. The appalled dean asked Columbia's president, Michael Sovern, how to go about firing the man. Sovern told the dean he couldn't. That professor remains on the faculty, where he continues to teach—you guessed it—investigative journalism.

The journalism school has been able to reduce the instructional influence of its weaker faculty by hiring outside adjunct teachers. For every full-time faculty member there are four or five part-time adjuncts. These are the real stars of the faculty—the working professionals who come in part-time to co-teach basic reporting and writing classes. It's expensive, of course, but better than relegating all the teaching duties to professors who can't handle them.

One particular academic fault is missing at the journalism school—the pressure to publish or perish. Ironically, journalism education is the one area where the dictum actually makes sense. While I was there, only a handful of the tenured faculty members at Columbia published articles or worked in broadcasting regularly. Making them publish would have done them some good.

What's sad is that there are a few talented faculty and students at Columbia who deserve better. While I think most of the J-school high achievers would have gone on to success without Columbia, certainly some were helped by their time there. My point is simply that they could have been helped a lot more, that journalism schools could do a much better job than they are now doing.

Given the reluctance of most news organizations to take on the job of offering in-house training for promising young writers, plainly the basic kind of instruction in techniques and skills has to be offered in the schools. And certainly any budding reporter needs to know how to cover a news conference, write a lead, and meet a deadline before he can go on to higher and better things.

The question here is whether the journalism programs in our better universities, like Columbia, have a responsibility to do more than that. I would argue that we have enough of the kind of education geared to getting a student his first job. What the profession needs is education that forces the student to think creatively.

There is altogether too much innocence abroad in journalism, reporters who accept whatever they are told from officials, who are easily wowed by the trappings of power, who don't understand that the guy out front talking may have no real authority and the guy who is invisible is the guy who is pulling the strings. What is needed is instruction on process journalism—the kind that traces a decision back to its source. And what is needed is a curriculum that deals with issues percolating below the surface of events. ■


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J-SCHOOL MEMORIES # 1:

# COVERING THE WINNETKA SCHOOLS IN AUGUST

by Gregg Easterbrook

Like more than a few contemporary reporters, I sometimes find myself apologizing for having a journalism degree. Within the trade, J-school experience is almost universally felt to have little bearing on job performance. Old-timers consider J-school baby stuff; some editors are actively put off, holding such degrees against applicants. Only public relations firms and advertising agencies seem to show excitement about this line on the resume, and their interest is synthetic respectability. Hence a certain reluctance to discuss the subject. Young yups who are supposedly savvy careerist sharpshooters have difficulty admitting they just blew $10,000 on a piece of paper.

My piece of paper is a 1977 master's from the Medill School at Northwestern University, which, before a recent spasm of internal strife too complicated to explain here, was considered among the nation's top J-schools.

Medill graduate degrees required one full year of study, commencing with a preparatory summer session. For the first month students practiced basic writing and studied composition texts, such as Strunk and White's *Elements of Style*, to which many give lip service but few lend attention. Whether an enforced read of *Elements of Style* is worth $10,000, I cannot say. I do know it turned out to be the most valuable part of the program for many students.

After Strunk Month, students were to spend the balance of the summer as journalistic junior birdmen, patrolling the suburbs that border Northwestern's campus north of Chicago. This entailed a daily trek to some local agency like the Evanston parks and recreation department, followed by return to a simulated "bureau" to file "stories." We were supposed to identify ourselves as being with "Medill News Service." Most municipal officials, having little enough patience for the real press, were damned if they were going to waste time with amateurs.

Assignments for this practicum were drawn by lot. When I reached into the hat, I drew the Winnetka, Illinois grade school system. In a stunning display of nascent analytic powers, I looked up from the slip and said, "It's August. Grade schools are *closed* in August."

*Gregg Easterbrook is a national correspondent for* The Atlantic *and a contributing editor of the* Monthly.

No matter. Other students were assigned to institutions on similar siestas. Each morning we trudged to locked administration buildings—or shamelessly rang bells at the homes of vacationing officials—and made total fools of ourselves. The learning curve declined toward zero.

One of my fellow Medillos was physically expelled from the Glencoe police headquarters for attempting to reenact the Watergate grand jury memorizing scene from *All the President's Men* over some minor traffic case. Another called a local developer and announced, "Hello, I'm doing an expose on your shopping mall." I got through one particularly uneventful week by "filing" a series of stories saying that a volcano had failed to erupt on Winnetka school property that day; that an ice age had not begun on the soccer fields; that a secretary had spilled a cup of coffee, which informed sources characterized as "an accident."

Meanwhile, undergraduates at Medill were offered one of the all-time bait-and-switches, a program known as "teaching newspaper." They could relocate to a smalltown newpaper and work as unpaid interns—while continuing to pay Northwestern tuition. Yikes stripes! Anybody who fell for that scam was by definition not cut out for journalism.

I don't mean to suggest simulated-reporter sessions are without benefit. Making a total fool of oneself is valuable practice for a journalistic career. But we couldn't help fearing that after just one month Medill had started running out of things to teach us. The formal academic calendar confirmed our suspicions.

Only a handful of the instructors turned out to have so much as momentary personal experience as journalists or even to have written a line for publication. The department chairman possessed a "doctorate" in journalism, whatever that is. Classes, with a few welcome exceptions—one a stint in Washington writing stories for papers too small to have capital correspondents—were far removed from the realities of the news and even, curiously, from the reading of current newspapers and magazines.

If nothing else, journalism is the art of the moment. There is a fascination with watching the news take shape before the eyes, acquiring form and substance much faster than any other com-



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mercial product. It provides delight in addition to information, brightening the day for millions of news junkies from all walks of life. What better study of journalism can there be than laying the morning paper on the table and reading? Yet most of the Medill faculty seemed indifferent to following the actual output of the nation's major publications and networks, preferring to discourse about Murrow and Lippman. Some were distressingly ill-informed on rudimentary matters, like who was running *The New York Times* or *Newsweek*.

Our commencement speaker was Richard Stolley, an executive from Time-Life's *People* magazine, which is to journalism what rubber is to steel. He began his address with words to the effect of "I suppose you're wondering what an editor from *People* is doing addressing a journalism school." A small chorus of "hear, hear!" was raised. It was a fitting conclusion to the year. ■

## J-SCHOOL MEMORIES # 2:

# "PSSST, WANNA READ SOME HOT NARRATIVE?"

by Art Levine

When I first arrived at Columbia journalism school in 1972, I couldn't help but be impressed by by-lines of graduates pinned to the bulletin board. There, displayed like glittering prizes in the race for renown, were clippings from *The Wall Street Journal*, *The Washington Post*, and, of course, the most revered institution of all, *The New York Times*. Each by-line was carefully circled in ink, followed by a modest "CJS" and the year of graduation. You, the clippings whispered to us, were about to become the finest of the Fourth Estate.

The first rude blow to my ego was the discovery that I wouldn't get published for a year. As someone who'd just been a star feature writer and editor of my college paper, this was the equivalent of oxygen deprivation. Other former hotshots seemed equally depressed at our new anonymity. We spent the bulk of our time going through rote article-writing exercises that were graded by aging geezers who had once worked on *The New York World-Telegram*. A typical exercise might involve the teacher reciting some facts, then leaving the room as we composed an article under simulated deadline pressure. "Go with what you've got," he told us as we struggled to fabricate a story from a few minutes of scribbling. While this maxim may not seem like much, it was one of only two concretely useful things I learned while attending Columbia. The other was the advice of our "teacher" of investigative reporting: "If you look like a bum, you'll get treated like a bum." So, with tuition and living expenses costing my family $9,000, I calculate the value of each hackneyed adage at a mere $4,500.

In the area that most interested me, magazine writing, the school was hopelessly behind the times. The New Journalism had been creating a stir since the late 1960s, and I was hoping to emulate my heroes, David Halberstam, Tom Wolfe, Jimmy Breslin, and Gay Talese. After all, I was in New York City, the heart of this journalism revolution. But I quickly discovered that the school's elder statesmen regarded Wolfe and his ilk as charlatans who simply fabricated facts and dialogue. There was absolutely no interest in the demanding particulars of the latest magazine writing: the narrative reconstruction, dialogue, or description that made it all so powerful. Two of my teachers showed some sympathy to the new style, but they didn't have the inclination or, perhaps, the knowledge to teach it in any depth. So we were stuck with instruction rooted in 1950s editions of the *Saturday Evening Post*, while just outside our walls *Esquire*, *Rolling Stone*, and *New York* magazine were experimenting with an exciting new journalism. I became an underground agitator for the New Journalism, handing out paperback copies of *The World of Jimmy Breslin* as if they were dirty postcards. "Pssst," I'd whisper to a classmate, "wanna read some hot narrative?"

The one benefit of the magazine classes—and the school's prestige—was that we'd get to listen to famous journalists tell us about their success. My instructor was the living embodiment of success to us, with his ascot and perfectly tailored sport coat, chatting amicably about his novel or upcoming books or summers at the Cape. Along the way he undoubtedly gave us specific instruction about magazine writing, but I can't recall what it was.

*Art Levine is a contributing editor of* The Washington Monthly.



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All this doesn't mean that we didn't have a chance to learn a few useful skills. There was a photography course that I was too lazy to take, but I comfort myself now with the knowledge that, like most of the courses at the J-school, I could learn the same things today for only $45 and two nights at a local "Open University" or "Learning Annex." We also got to practice rewriting and reading wire copy in front of a microphone, just like the grown-ups do. The studio, with its big clock and sound-proofed walls, looked like the real thing, too. And for those students with absolutely no journalism experience, the lessons in the rudiments of reporting no doubt were valuable. But for those print majors who were seeking to gain more advanced skills, the school didn't have much to offer.

My "thesis," for instance, was a long magazine article on radio humorist Jean Shepherd, a hero of mine. My research consisted largely of attending his radio and concert performances and laughing at his stories. I enjoyed myself immensely, but, somehow, I don't think my work presented me with the rigorous academic challenge I associate with a thesis. Of course, like everything else I wrote that year, it remained unpublished, despite my efforts to sell it to magazines. Looking back, I think my career would have been better served if I'd simply skipped school, taken my school expense money, and tried to bribe New York magazine editors. "Dear Mr. Felker," I should have written, "enclosed is my manuscript on radio humorist Jean Shepherd and a $9,000 check. I hope you enjoy the article and I look forward to seeing it published soon. Thanks for your consideration." ■

# IF WE MUST HAVE J-SCHOOLS . . .

by Steven Waldman

The first step toward improving journalism education would be to abolish it at the undergraduate level. The problem was summarized succinctly in *The Washington Journalism Review* by Claude Sitton, the Pulitzer Prize-winning editor of the Raleigh, North Carolina *News and Observer*: "Too many journalism schools are turning out communicators who have nothing to communicate." Undergraduates interested in journalism should be enrolling in rigorous liberal arts programs. Literature, history, and the other disciplines that expose the student to countless different worlds are much more likely to stimulate the curiosity so many journalism students seem to lack than is Intro to Communications 101. Although journalists will not spring ready-made from the college libraries with press card in fedora and pad in hand, these students will have more understanding than those who studied how to build an inverted pyramid from a pile of facts. In addition, the tough composition requirements that should be part of any liberal arts education could liberate graduate schools from having to teach elementary grammar.

On the graduate level, journalism education should be split into two tracks. There are those who want to become journalists but who have not been able to get the first-hand journalism experience they need to get a good starting job. Some may have worked at a small newspaper, hoping to apprentice under a Lou Grant only to discover themselves stuck under a Ted Baxter. There are, sad to say, hundreds of rotten newspapers out there. Some of these potential students might have newspaper experience but want to switch to broadcasting without knowing the difference between a sound bite and a mosquito bite. An education in the basics would enable them to learn the rudiments of journalism and get that starting job.

The second track would be for those students with some previous experience who have already shown they can be thrown into an unfamiliar situation and emerge with an informative story. For them, journalism school could push further, allowing for development of expertise in particular fields. This would alleviate the problem of experienced reporters having to relearn the basics.

The ideal program would combine academic study with two kinds of practical experience: from the inside and from the outside. If you're interested in being an environmental reporter, you could take special courses, perhaps given through a joint program with the biology and chemistry department, in environmental science. Your practice assignments could include both the in-depth story on toxic-waste disposal methods in the city as well as spot news coverage of the sewer board.

*Steven Waldman is an editor of* The Washington Monthly.



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# BUT I'D REALLY RATHER YOU DIDN'T GO AT ALL

by Charles Peters

People sometimes ask me what I look for when I hire a journalist. Certainly, intelligence, humor, curiosity, and a feel for the language. But these are things that cannot be acquired through training. Of the learnable, I would say nothing is more important than history and literature, which together should account for roughly half of a would-be reporter's undergraduate education. Far more crucial than anything you could learn in journalism school is getting to know Cervantes, Twain, Shakespeare, and Dickens as well as acquiring a thorough grounding in the American past. It is also desirable to gain enough knowledge of science and economics to avoid being conned by the experts. And if you can find them, courses that take an anthropological view of modern organizations are definitely worth taking.

As for graduate training, I would recommend one year of law school instead of journalism school. A good law school teaches you how to think, which, alas, even the best journalism schools and undergraduate colleges usually fail to do. But whatever the socratic method can do for you is done in a year. The rest of law school is designed largely to provide employment for the law professors. Besides, if you hang around any longer, your prose may suffer irreparable damage.

Finally, before you seek your first reporting job, I would strongly urge that a couple of years be devoted to the acquisition of first-hand experience in organizations you intend to cover—perhaps working in the legislative or the executive branch of government. Indeed, a year spent in each would give you at least the beginning of something nearly all congressmen and bureaucrats lack, which is an understanding of how the other thinks and behaves.

*Charles Peters is editor-in-chief of* The Washington Monthly.

The journalism professor would teach not just how to write a feature lead but how to decipher local environmental regulations, not only how to write concisely but how to use the Freedom of Information Act to help determine the safety of toxic-waste casks. Readings would go beyond Strunk and White to include books like *Silent Spring* by Rachel Carson, which would challenge students' minds and give them historical perspectives on course topics.

In addition, the school should require as a prerequisite or, better yet, as part of the program, an internship on the other side of the note pad. The student would actually work for the Environmental Protection Agency, an environmental group, or a waste management firm so he or she would know both the chemical *and* the bureaucratic forces that shape environmental policy. Many editors have come to think that practical experience on the other side taints the journalist by creating biases and undermining his status as watchdog. But limited spurts of experience would be unlikely to warp the mind of a capable journalist and would provide valuable perspectives on the innards of institutions. Newspapers hiring an environmental reporter would be getting a reporter who would be able to probe past the press releases and official announcements to see why decisions are made and what might be wrong with them.

Finally, to clean out the deadwood on journalism school faculties we should reform the tenure system. Problematic in any academic discipline, tenure is even more troublesome in journalism education. This is one field that doesn't require fluency in a jargon. Journalism has its flaws, but it at least makes room for outsiders who bring fresh perspectives and who hold common sense higher than self-referential rote. So journalism schools should depend primarily on working journalists hired on a part-time basis or under short-term contracts. This would help guarantee that faculty members would still have the energy and talent to make it in journalism and that their instruction would be grounded in experience. Depending on journalism teachers cloistered away from the real world is like discouraging medical school professors from practicing medicine. A constant flow of working professionals would prevent journalism schools from becoming retirement grounds for burned out journalists.

Journalism schools don't need to be inferior academic institutions. If universities took these steps, they could make the training they give as valuable as that offered by the best professional schools. ■



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# POLITICAL BOOKNOTES

**Brothers in Arms: A Journey from War to Peace.** William Broyles Jr. *Knopf, $17.95.* Approximately ten years passed between the end of the Civil War and the first construction of statues honoring the heroes, memorials commemorating the slaughters. Artistic and intellectual contemplation observed a period of mourning as well: *The Red Badge of Courage*, for instance, was published in 1895, the work of an author not yet born when stillness fell at Appomattox. In the immediate aftermath of the Civil War, people simply didn't want to think about what had happened; they were numbed.

Roughly the same sequence applied to America's other unhappy war, Vietnam. Ground fighting by U.S. forces in Southeast Asia ended in 1972; the Vietnam veterans' memorial was dedicated in 1982. American involvement closed with the final battle for Saigon in 1975; in 1985, Vietnam reminiscence became a central topic, with many fine works of fact and fiction joining, to general acclaim, those published to politely averted glances in the 1970s.

The postwar life of William Broyles Jr. also seems to have followed a ten-year cycle. Late in the 1960s, Broyles—a gifted, handsome, and unusually charming young Texan—became one of the few Americans to do what many from the sanctuary of retrospect have said they wished they had done. Broyles served. Though positioned in the fast lane to upper-class success, attending Rice and then Oxford, and though opposed to the war, he knew that expecting the poor to carry the burden of fighting was no answer. Broyles became a Marine lieutenant and spent one tour in Vietnam, with six months of active combat.

Following his return in 1971, Broyles helped found *Texas Monthly*, which under his guidance became the country's best regional publication. He seldom thought of the war, never contacted his old platoon mates. Accolades were many, and the passage of a decade found Broyles catapulted to the editorship of *Newsweek*: a young darling of Manhattan chic society, a focus of media attention himself. He was close to fame.

Just as that golden light shone around him, Broyles lost interest. He basically blew off the editorship of one of the country's most important publications and was gone within a year, the "chance of a lifetime" squandered. Supporters who had helped him advance were mortified; backstabbers in the *Post-Newsweek* gossip circuit were delirious. And shortly thereafter, Broyles was back in Vietnam.

Anyone who reads *Brothers in Arms*—an account of Broyles's travels through Vietnam north and south as, it is believed, the first American combat veteran to return there—will know immediately why career advancement had ceased to carry meaning for him. After all, it might easily never have occurred. Broyles could have died a young unknown, fighting a war not even its sponsors understood. He had to see for himself why, and record his conclusions. Broyles would find his second trip to Vietnam snickered about in the smart set as his first had been. First, he was a sucker not to while away the war in grad school like everybody else with money or IQ. Now he was giving up a corporate throne and a life of careerist ego strokes to write a book that even with excellent luck might be read by 1 percent of the number of people who read *Newsweek*.

Certain things, however, have to be done. And just as Broyles observed an inner sense of honor when he went to serve in a mad war, he answered his own call by giving us *Brothers in Arms*.

Almost every page is fascinating. There are his conversations with Viet Cong and North Vietnamese veterans, revealing, first, that they were far more scared of us than we thought; and second, that they were


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utterly resolved never to give up, even at stupendous sacrifice, so determined were they to have foreigners—any foreigners—off their soil. "We did not have to defeat you, we only had to avoid losing," Nguyen Xeng Hoang, a North Vietnamese general, told Broyles. Though our enemy knew we would prevail in nearly every battle, they also knew that if they held out long enough we would become discouraged and leave. Which we did.

One officer tells Broyles of his initial despair at contesting a military with such firepower and mobility. "'It came to us,'" Broyles writes, "'[that] the way to fight an American was to grab him by his belt'—at which point General Tuan, by way of illustration, reached out and grabbed my belt—'to get so close that your artillery and air power were useless. The result was interesting. Our logistical forces, which were farther from the Americans, took greater losses than our combat units.'" Perhaps the book's most remarked upon section will be the one in which Broyles discovers the remains of an underground Viet Cong field hospital within view of the large fire base he once defended: millions of dollars of the world's finest technology, and perhaps hundreds of high-ranking desk officers and analysts, missing what was directly in front of their noses.

Broyles describes the North as a puritanical society stagnated by bureaucracy and lack of production; the South, as a land where swingers and closet capitalists continue to operate, tolerated by communist managers in need of dollars. American culture still pervades, with rock music, especially Springsteen, blaring from every spare loudspeaker. Though there is economic futility everywhere, bridges half-built and highways cracking—running a war, one former officer says, is far easier than running a country—Broyles tries in vain to find any significant damage left by the B-52 raids against Hanoi. It seems U.S. pilots really did apply all-out concentration to avoid civilian targets, which the left at home refused to believe even when huge bomb tonnages caused only relatively minor casualties. In fact, Broyles finds himself well-received, except when he is mistaken for a Russian or East German, "allies" who apparently make the Vietnamese's flesh crawl. Vietnamese seemed to regard him as representing a decent people caught up in a wrong cause, as fair a judgment as could be asked.

*Brothers in Arms* has some flaws. It relies too much on a standard "then I went there" narrative format, and at times the writing quality is so-so. But these flaws pale beside its achievements, not the least of which is that Broyles went on his own, without connections or money, which allowed him to interview many average Vietnamese in unhurried circumstances. (Had he gone as editor-in-chief of *Newsweek*, it's a sure bet he would have produced nothing of interest other than descriptions of motorcade rides to formula sessions with big-deal diplomats.) *Brothers in Arms* may ultimately take a place alongside the historically significant reflections on war, such as Graves's *Goodbye to All That* and Gray's *The Warriors*. Rich with passion, insight, and wit bulwarked by enforced detachment, it is among the finest books of the decade.

During the period when "textural" writing about Vietnam was predominant—eerie vignettes of insanity and purposelessness presented without context, an approach best exemplified by Michael Herr and Tim O'Brien—it was said there was no point in trying to explain the Vietnam war, because how could you explain something that makes no sense? *Brothers in Arms* shows differently. And now everything about Bill Broyles makes sense as well.

—*Gregg Easterbrook*

**Innovation: The Attacker's Advantage.** Richard Foster. *Summit Books, $19.95.* Talk of innovation is on the lips of every American business person, and correctly so. Our failures in steel and textiles, and among leading-edge industries as well, are as often as not failures of entrenched leaders to move in a spirited fashion to embrace the new.

One way out, the route of both George Gilder (*The Spirit of Enterprise*) and the much maligned Atari Democrats, is to engender more small business growth. The unleashing of venture capital in the wake of the tax changes of 1978 and 1981 was the watershed for this set of proponents. The economists Barry Bluestone and Bennett Harrison in *The Deindustrialization of America* state the case for the other side. The small business resurgence is fine and dandy, but what about the 27 million people so far dislocated by the ineptitude (and greed, argue Bluestone and Harrison) of the big companies? Writing off the big and waiting for an entrepreneurially induced Nirvana entails unacceptable costs, this set of analysts argues.

The microeconomists, that is to say management theorists who focus on the individual firm, have also joined the fray. The year 1984 brought *The Change Masters* from Rosabeth Moss Kanter and 1985 was marked by *Intrapreneuring* from Gifford Pinchot III and *Innovation and Entrepreneurship* from Peter Drucker. Kanter, coming from a sociological background, analyzes the process of overcoming barriers to innovation within the sizable firm. Pinchot's effort is similar in result, though using very different language. He urges big firms to create internal entrepreneurs and tells them how to find and nurture such talent, including suggestions for setting up internal capital markets. Peter Drucker, as usual, is exhaustive in approach. Unfortunately, so many ideas—from a typology of sources of innovative ideas to details about structuring the firm—leave no coherent impression behind. All three views are limited.

Now, in early 1986, we have a truly sweeping and fresh approach to this crucial issue. Richard Foster, a senior partner at the consulting firm, McKinsey & Co., has written *Innovation: The Attacker's Advantage.* It can, as most good books can, be boiled down to a single, memorable idea. Big companies must learn to be "close to ruthless in cannibalizing their current products and processes just when they are most lucrative and begin the



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search again, over and over."

Foster argues correctly that we are entering a world—from retailing to science and technology—where discontinuities will come along more regularly than ever before. Smaller firms or bigger ones that have never participated in a particular arena have a crushing advantage over entrenched organizations. They are not trapped by the leader's almost inevitable hubris.

Leaders attempt to control the pace of advance (always a doomed strategy, says Foster) and are trapped by the reliance on numbers, which at any moment falsely lead them to vote in favor of the old. Incremental dollars spent on marginal improvement of today's technology will bring in more immediate revenue than incremental dollars bet on the new. Over a ten-year horizon, though, the argument falls apart. Foster argues there is a characteristic 10 to 20 times advantage of the new over the old, once it takes hold.

The book is well written, and describes in non-technical language case after case (sailing ships, artificial hearts, etc.); meanwhile, it does not ignore the hard data beneath the anecdotes and examines in detail, for instance, the attributes of the so-called "S-Curve," which allows rather exact prediction of the course of development of an emerging technology (very slow takeoff, period of rapid advance, slow maturation).

The nuggets for me were the case studies describing leaders becoming ensnared by past success. Foster traces, for instance, du Pont's loss of leadership to Celanese when tire cord shifted from a nylon to polyester base. Du Pont, the unquestioned leader, defended its nylon tire cord winner but did hedge its bets with experimental efforts in polyester. Unfortunately, du Pont's polyester department upstarts were forced to test their experimental product at the tire cord development center run by the dominant nylon department. The kindly cautions and advice offered by the nylon department slowed du Pont's polyester project to a standstill. Meanwhile, Celanese, with no entrenched and profitable nylon position to defend, entered the market with alacrity and quickly captured a 75 percent market share.

Foster's analysis of RCA's entry into solid state electronics is equally compelling. The solid state organization was overseen at the top by the vacuum tube bosses, in no hurry to render obsolete their most profitable product line.

The book suffers one major disability, a lost opportunity. Foster is a technologist and provides, for instance, overly detailed advice for constructing S-Curves, including an extensive appendix. Yet the heart of the matter resides in his all-too-sketchy descriptions of the organizational contexts at du Pont, Celanese, RCA, Procter & Gamble, Monsanto, etc. The cases could have readily provided a much richer description of the important psychological and organizational forces that prevent the continued cannibalization of current winners.

Big steel came out of World War II with 40 million tons of open-hearth furnace capacity. Its leaders found it impossible to leave behind this "sunk cost," as economists call it, and embrace the new basic oxygen furnace (BOF) technology. The result was a passing of the baton in steel leadership from the U.S. to Japan in surprisingly short order. The failure to incorporate technologies is *the* foremost strategic issue for America's large manufacturers, still captives, almost across-the-board, of patterns of post-World War II success.

Foster has devoted an entire book—the first ever—to the key microeconomic issue in innovation, the crippling inability of most sizable firms to "abandon the skills and products that have brought them success." For every IBM, 3M, and Milliken & Co. (textiles) that does so, there are scores that do not. The issue demands much more discussion, for it relates directly to the debates raging on such sweeping macroeconomic issues as protection and industrial policy. We owe Foster a large debt for having so meticulously documented his case. Sadly, however, we are left in the end not being sure whether or not there is hope for big firms. I, for one, wouldn't bet money on them.

*—Thomas J. Peters*

**Paradise Lost: The Vietnamese Gulag.** Doan Van Toai with David Chanoff. *Simon & Schuster, $18.95.*

*"An extremely perceptive and salutary study. An important work!"*
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Doan Van Toai and I were born 10,000 miles and a few months apart at the end of World War II. It's possible, however, that our paths crossed in Vietnam in the late 1960s. He was a young Saigon student leader sympathetic to the National Liberation Front; I was a U.S. Army intelligence case officer gathering names for Operation Phoenix, the CIA-run program that "neutralized" communist agents. Toai spent three years in prison for his activities against the U.S.-backed regime. I could have helped put him there.

It was abhorrence for the devastation and corruption of the war and disgust for the dictatorial puppet government of Nguyen Van Thieu that put me on the same side of the political street as Toai by the time he was out of jail and I had come home from Vietnam in late 1969. Ho Chi Minh himself had put it best in his famous slogan: "Nothing is more precious than independence and freedom."

Fewer than two months after North Vietnamese tanks had "liberated" Saigon (as we put it), Doan Van Toai found himself reading Ho's famous dictum off a prison wall inside the Socialist Republic of Vietnam's vast political reeducation system. Who had written it, he wondered, and in what year? During Thieu? After liberation? Toai had been arrested by the communists without any charge placed against him, and he never found out why he had been picked up. The revolution, of course, never makes mistakes, so everyone—the police, party hacks, and jail guards—agreed he must have been arrested for some good reason.

As prison memoirs go, this one is arresting, if fairly standard, with its cast of cruel, sad, and pathetic characters inside the prison—the former South Vietnamese Army officers turned stool pigeon, the stoically persevering Buddhist monks, the bewildered teachers, lawyers, and students like Toai who had long championed the National Liberation Front. One particularly poignant portrait is drawn of a former nightclub comedian who used to satirize Thieu's admonition about the communists: "Watch what they do, not what they say."

"Many of these new-era prisoners," Toai writes of his former cellmates, "are traumatized by what has happened, by the consequences of the victory they and their comrades have fought 30 years to bring about. Some, especially the old communists, are too shell-shocked to do anything but cling pathetically to the tattered remnants of their faith."

Toai's story should trouble, if not sicken (as it did me), anyone who once believed that a social democratic government led by communists could succeed in South Vietnam—or anyplace else—if only America would leave it to itself. This and other testimony coming out of Vietnam today has inescapable ramifications for liberals trying to figure out a sensible position for the U.S. elsewhere in the world. Along with *A Vietcong Memoir*, a riveting inside account that Toai earlier co-authored with Truong Nhu Tang, the former Viet Cong minister of justice who defected in 1978, *The Vietnamese Gulag* is disturbing evidence that Hanoi's leaders never intended to share power in the south, certainly not with liberals or even with the southern communists.

—*Jeff Stein*


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**Mayday.** Michael Beschloss. *Harper & Row, $19.95.* This is an absorbing account of the shooting down of the U-2 in 1960 and of the impact of the event on Soviet-American relations. It, and not the Cuban missile crisis, Beschloss suggests, was the beginning of Khrushchev's decline in the Kremlin power game and of the rise of those who believed only military force counted in relations with Washington. Why did Eisenhower agree to send the U-2 on its fatal flight just days before the summit conference that was scheduled to take place in Paris? Because he had been assured by the CIA that neither the pilot nor identifiable remains of the plane would survive a crash. How like the assurances given Kennedy before the Bay of Pigs and Carter before Desert One! And what a comment on the CIA that Gary Powers and the other U-2 pilots were never told that they were expected to die in the event of a crash.

—*Charles Peters*

**Wiseguy.** Nicholas Pileggi. *Simon & Schuster, $17.95.* One of my major sources of self-pity over the years has been the resistance of the sensitive and intelligent young liberals who have worked at this magazine to concede that there are some criminals beyond redemption or reform. I had seen such incorrigibles when I practiced criminal law, but I have had great difficulty persuading my youthful colleagues that what I was telling them was true. What I needed all along was this book. Its picture of life in the Mafia captures the brutality and callousness of the professional killer. What is most frightening about these people is their ability to fool the respectable world. These wise guys know there are nice young liberals out there ready and willing to be hustled for another plea bargain, probation, or parole. Pileggi describes one Harry Hill, who, after committing countless crimes, was finally caught and returned to prison. Even though he was peddling dope throughout his term, he was granted an early parole for being, according to the Bureau of Prisons, "an ideal in-



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mate." There are Jean Valjeans out there worthy of our concern and forgiveness, but there are just as many Harry Hills—a fact that I hope this book will finally persuade liberals to face.

—*C. P.*

**Beyond Entitlement: The Social Obligations of Citizenship.** Lawrence M. Mead. *The Free Press, $19.95.* Worrying about poverty in the midst of plenty has become about as fashionable as campaigning for unilateral disarmament. The new orthodoxy seems to be that the poor will always be with us (often the same welfare families to the nth generation), so let's turn our attention to more fashionable topics like missing children and date rape. The lingering sense of moral indignation among the press has been directed primarily at one small subgroup of the poor—the highly visible homeless. Even here, the villain is often identified as the liberals themselves, who foisted deinstitutionalization on the mentally ill who were patently unable to fend for themselves. Liberals continue to fight some noble rear-guard battles on behalf of the poor—most notably the successful effort by House Democrats to shield the remnants of the social safety net from the strictures of Gramm-Rudman. But most liberal thinking about the causes and cures of poverty has been limited to trying to invent new metaphors with which to decry the latest round of Reagan budget cuts. Oddly enough, for the first time in more than a half century, the most adventurous thinking about poverty is coming from a handful of conservatives, who have been profoundly influenced by the critical uproar surrounding the publication of Charles Murray's *Losing Ground.*

Lawrence Mead is clearly an exemplar of this new breed of neo-compassionate conservatives: *Beyond Entitlement* was launched with an upscale luncheon at the New York Athletic Club, sponsored by the Manhattan Institute and moderated by Murray himself. But despite its pedigree and provocative title, *Beyond Entitlement* is far too narrow and academic a work to help policymakers devise workable poverty programs for the 1990s.

Mead's thesis is simple: welfare programs have failed largely because they have been unwilling and unable to require that recipients modify their conduct in order to receive benefits. The prime example for Mead is the abysmal failure of the work requirements that theoretically have accompanied Aid to Families with Dependent Children (AFDC) since the early 1970s. To Mead, work is the most tangible of the social obligations of citizenship. And he argues, "If society seriously wants more of the disadvantaged to work regularly, to achieve goals like integration, then it must require them to. . . .Work must be treated as a public obligation, akin to paying taxes or obeying the law."

Mead sniffs at the standard liberal objections to requiring those on welfare to work—there are not enough minimum wage jobs, mothers should be at home with their children, and a work requirement is primarily punitive. He sees the bygone struggles for a guaranteed annual income as the ultimate liberal fallacy. America, in his view, came dangerously close to permanently shielding the welfare population from the responsibilities of work. Mead has a valid point: the liberal infatuation with a guaranteed annual income is worth reexamining. Part of the appeal of welfare reform was a justifiable effort to reduce the high cost of the permanent poverty bureaucracy and to translate those savings into additional cash for the poor and near-poor. But liberals were also guilty of a naive belief that there was nothing fundamentally wrong with an underclass permanently consigned to life on the dole. The rhetoric of this period was that the poor were entitled to this aid and that the able-bodied poor would choose to work, assuming jobs were available, even if a guaranteed annual income eliminated virtually all economic motivation for them to do so.

These days it is hard to argue with Mead's insistence that work is preferable to the dole. Yet *Beyond Entitlement* skirts almost all the messy questions that accompany any meaningful work requirement for welfare. Mead asserts that enough jobs exist in a nation with 7 percent unemployment, though he doesn't even provide Reagan-esque anecdotal evidence of counting the columns of want-ads. Mead contends that the WIN program—the mal-administered work component of AFDC—can be made to function effectively with only minor adjustments to current law. Yet the only evidence that Mead offers is a cursory examination of some successful WIN offices in


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New York state where the local staff "rejected 'bleeding-heart, living-room liberals' or 'suzie social workers' who try to shield their clients from the labor market." In fact, Mead's model of benevolent authority is—amazingly enough—"nuns teaching in parochial schools. Traditionally, nuns are tough on their students precisely *because* they believe in them and are concerned about their futures." But just as the Catholic Church is having a hard time recruiting Sister Mary Ignatiuses, so, too, is it unrealistic to believe that most local welfare bureaucracies, shell-shocked and demoralized after years of malign neglect, could successfully administer even the most skillfully crafted work requirements.

Mead shares with most liberals the steadfast belief that poverty and welfare dependency are somehow curable with the right set of incentives and moral imperatives. In Mead's universe, work of whatever kind will make better people out of welfare recipients; liberals see the same gospel of salvation in job-training programs and other bureaucrat-intensive remedies. Although I have little recent firsthand knowledge, I do have the sense—derived in part from my experiences in the Labor Department under Jimmy Carter—that it is already too late for large portions of the current welfare population. Behavior probably can't be changed after years of welfare dependency. Liberal benevolence, mixed with conservative parsimony, has created a lost generation in our housing projects and inner cities. True welfare reform would offer compassion to those who have lost hope and initiative while trying to discover innovative ways of saving most of the next generation. These are not pleasing alternatives—it is rarely politic to acknowledge abject failure—but they are a realistic reflection of the poverty of our current thinking about poverty.

—*Walter Shapiro*


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**Origins: A Skeptic's Guide to the Creation of Life on Earth.** Robert Shapiro. *Summit, $17.95.* Scientific accounts of the origin of life have been called the achilles' heel of evolutionary biology: an inviting target for the attacks of Creationists. Science can describe the evolutionary path leading from an ancestral cell to a human being with more certainty than it can the development of the first cell from inert matter. To the skeptical eye of Shapiro, a biochemist at New York University, those explanations that have been offered look more like mythology than like science.

Textbooks and popular accounts suggest that life arose from a primordial soup, a thin broth of simple organic compounds formed by the action of lightning or sunlight on a primitive atmosphere rich in ammonia, methane, and hydrogen. The hypothesis owes its ascendancy largely to a 1952 experiment in which an electric spark discharging in a simulated primitive atmosphere generated several amino acids, the building blocks of proteins.

Geochemists no longer believe that the primitive atmosphere contained the right gases, and biochemists doubt that the amino acids would have survived in a primeval ocean. Moreover, Shapiro argues, the soup doesn't get you very far: the chance that a complex molecule such as a protein or DNA will spontaneously assemble in a dilute solution of simple building blocks is vanishingly small. Yet, in one form or another, the primordial-soup hypothesis remains the orthodox view. Why?

Shapiro points to what he calls a "predestinist bias" among students of the origin of life: an almost religious sense that "the laws of the universe contain a built-in bias that favors the production of the chemicals vital to biochemistry and ultimately to human life itself." Crude, probably irrelevant demonstrations like the 1952 experiment are convincing to people who are already disposed to believe that the chemistry of the universe and thus that of the early earth tended inevitably toward the generation of life.

Shapiro dissects related hypotheses, which place the origin of life in cloud droplets or hot springs on the ocean floor and specify the first living stuff variously as protein or DNA or RNA, and finds the same bias at work. He also examines, with varying degrees of sympathy, several very different proposals, including suggestions that the first living things were crystals of clay or that life on earth had an extraterrestrial origin.

The debate, as Shapiro presents it, is rife with speculations presented too forcefully, with inconclusive data put forward as definitive evidence and with explanations that look very much like Creation myths. It is no wonder that actual Creationists, who advance their own claims by seizing on inconsistencies in genuine science, have found an easy mark here. "As a group who themselves have attempted to pass off mythology as science, they can readily identify rivals who are attempting, even if unconsciously, the same substitution."

Shapiro sometimes loses track of his argument in thickets of technical detail, and like anyone who sets out to debunk, he can get to sound smug. Even so, he gives a fascinating tour of the scholarly scene and a worthwhile lesson in the meaning of science.

—*Timothy Appenzeller*



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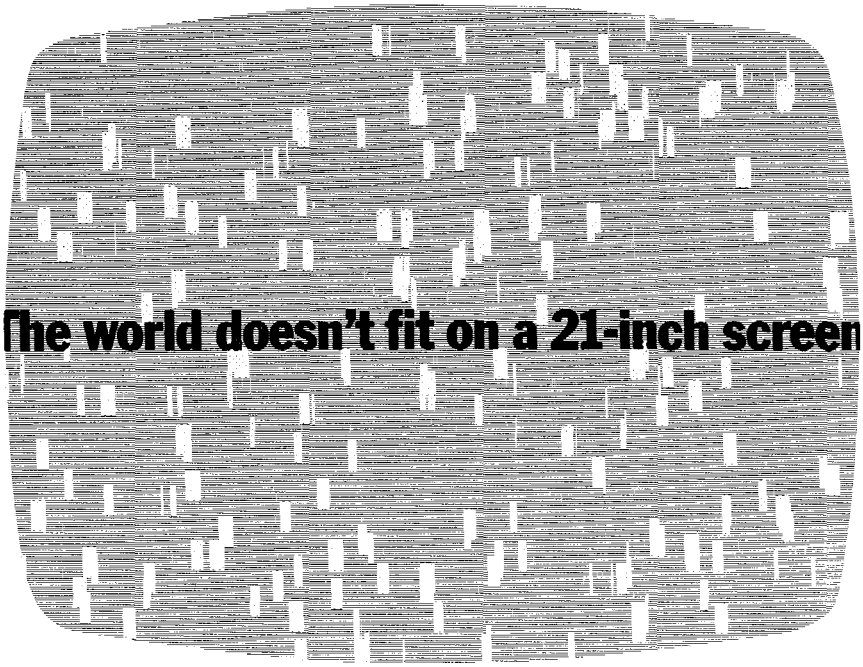


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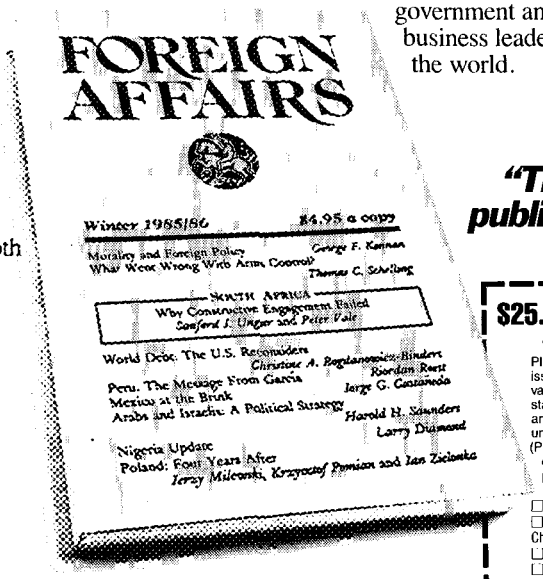


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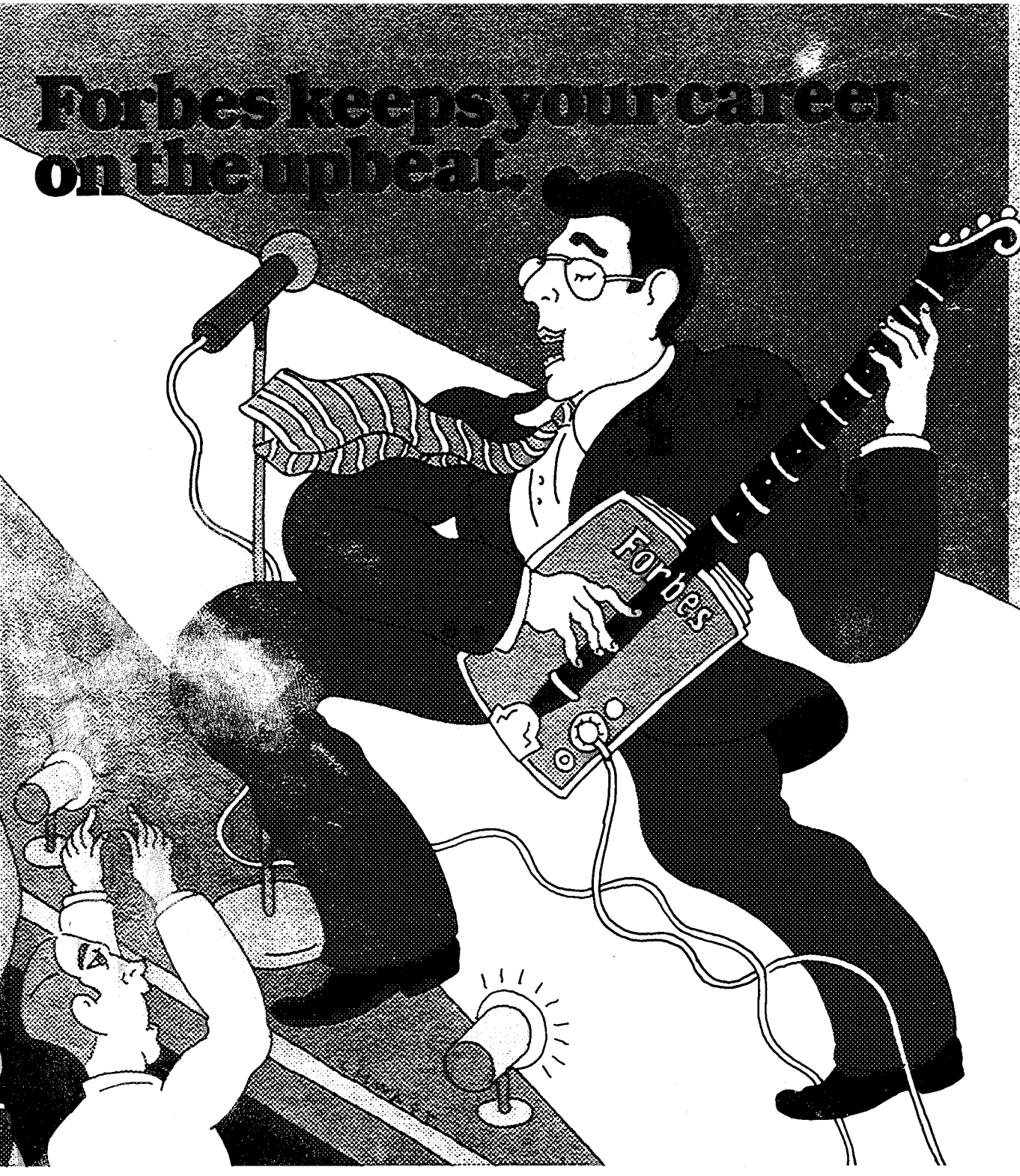


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